How Nigel Short toppled a chess king
Page I

The body language of Josephine Barstow
Page XX

The most chic shoes on French dance floors
Page IX

US race relations
Where blacks go from here
Page 7

NEWSPAPER OF THE YEAR

FINANCIAL TIMES

Weekend May 2/May 3 1992 EUROPE'S BUSINESS NEWSPAPER D 8523A

O&Y in talks with banks over debt reorganisation

International property group Olympia & York may overhaul its plan to reorganise its $12bn debt to ward off bankruptcy filings. It is understood to be meeting its 12 biggest lenders on Monday to discuss whether all 100 of its banks should contribute to a $700m loan. Page 24

Mitterrand attacks Peugeot: French president François Mitterrand attacked Peugeot, the country's largest privately-owned company, for cutting jobs while in profit. Page 24

Pit to close: British Coal is to close Markham Main, South Yorkshire, pit employing 700 miners which has been troubled by an industrial dispute for two months. National Union of Mineworkers president Arthur Scargill called for a national miners' strike in protest. Page 4

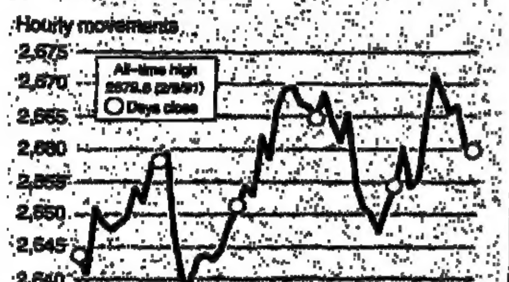
German strikers' warning: German trade unions stepped up their verbal attacks on the embattled coalition government of Chancellor Helmut Kohl as public sector workers promised "rougher and broader" strike action next week. Page 24

Soldier killed in Ulster: The first soldier to be killed in Northern Ireland this year died in a bomb attack on a security checkpoint outside Newry, County Down. Page 5

Bush seeks Chile pact: US president George Bush is expected to ask Congress for permission to negotiate a free trade agreement with Chile – the first between the US and a South American country. Page 2

UK equities: Another buoyant performance rounded off a week that included news that Lloyds Bank was prepared to launch a £3.7bn ($6.5bn) counter-offer to the £3.3bn agreed merger between Hongkong & Shanghai Banking and Midland, and a successful outcome to the UK's biggest auction of gilts. London stocks, Page 15; Lex, Page 24

FT-SE 100 Index



Spens to appeal: Lord Spens, former corporate finance managing director at merchant bank Henry Ansbacher, was given leave by the High Court to challenge the refusal to grant him a formal acquittal after the collapse of the second Guinness trial. Page 5

Lloyd's plan opposed: A proposal by Lloyd's of London to resolve future disputes between agencies and Names – the individuals whose assets back underwriting at the insurance market – outside the courts is meeting opposition from some parts of the market. Page 5

Bank to sell subsidiary: Banco Santander, Spanish commercial bank, is negotiating the sale of its last domestic subsidiary, Banco de Murcia, to Bancaja, a Valencia-based savings bank, for Pta17bn ($163m). Page 12

Theatre raided: Armed robbers seized about £3,000 from staff at London's Garrick Theatre.

Italians in America's Cup challenge: The Italian yacht Il Moro di Venezia and its crew beat New Zealand off San Diego and won the right to challenge the Americans for the America's Cup. Page 24

New coin: A smaller, lighter 10p coin will be introduced on September 30, UK Chancellor Norman Lamont announced. It will complete decimalisation of the coinage, ending circulation of the two-shilling piece or florin, which will cease to be legal tender from June 30 next year.

US steel group posts loss: LTV, US steel group in bankruptcy proceedings since 1986, reported a first quarter net loss of $43.3m (£24.4m) compared with $46.3m a year ago, due to the weakness of the US steel market. Page 12

The Financial Times will not be published on Monday – May Day Bank Holiday. The next issue will appear on Tuesday, May 5.

The Markets

STOCK INDICES		
FT-SE 100:	[illegible]	(+5.7)
Yield	4.57	
FT-SE Eurotrack 100	1,179	(+0.04)
FT-A All Share	1,295.56	(+0.3%)
Nikkei	17,303.28	(−57.32)
New York lunchtime		
Dow Jones Ind Ave	3,353.53	(−5.58)
S&P Composite	413.92	(−1.05)
US LUNCHTIME RATES		
Federal Funds:	3⅞%	
3-mo Treas Bills: Yld	3.724%	
Long Bond	99%	
Yield	8.005%	
LONDON MONEY		
3-mo Interbank	10⅜%	(10½%)
Liffe long gilt future:	Jun 98⅝	(Jun 98⅛)
NORTH SEA OIL (Argus)		
Brent 15-day June	$19.775	(19.675)
Gold		
New York Comex May	$339	(337.6)
London	$337.25	(336.5)

STERLING		
New York lunchtime:		
$	1.786	
London:		
$	1.783	(1.7745)
DM	2.93	(2.9325)
FFr	9.88	(9.8975)
SFr	2.6775	(2.6925)
Y	236.75	(Same)
£ Index	92.4	(Same)
DOLLAR		
New York lunchtime:		
DM	1.6415	
FFr	5.5385	
SFr	1.5002	
Y	132.75	
London:		
DM	1.641	(1.6526)
FFr	5.535	(5.5775)
SFr	1.5	(1.517)
Y	132.7	(133.35)
$ Index	64.5	(64.9)
Tokyo close Y 133.13		

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Bush puts troops on alert to restore order in Los Angeles

By Jurek Martin in Washington and Louise Kehoe in San Francisco

PRESIDENT George Bush dispatched 1,000 federal police to Los Angeles yesterday and placed 4,000 California-based army troops on alert in a staging area outside the city.

He also planned a televised address to the nation last night.

The White House described the deployments as "supplemental assistance" to the state and local authorities to deal with any contingencies arising over the weekend. The action was taken after consultation with Governor Pete Wilson of California and Mayor Tom Bradley of Los Angeles.

The state already has 1,400 National Guardsmen on the streets in Los Angeles, mostly protecting buildings, with a further 1,200 in reserve. If the army is activated, the National Guard would be placed under unified army control, according to the White House. It would be its first domestic deployment for reasons other than natural disasters since the urban riots of the late 1960s.

Disturbances spread to several other American cities, including Las Vegas, where the National Guard has been called out, and San Francisco, Atlanta and Seattle. None assumed the proportions of what has happened in Los Angeles, although the police in San Francisco made some 1,400 arrests, more than in the southern Californian city.

Los Angeles, still under a dusk-to-dawn curfew, was quieter on Thursday night. The upsurge of violence on Wednesday followed the acquittal of four Los Angeles policemen accused of beating Mr Rodney King, a black motorist.

The toll of human life, property and business continued to rise, however. As many as 30 people, almost all black, are now reported dead and more than 1,000 injured.

Estimates of damage, admittedly vague, exceed $300m (£170m). Mayor Bradley said a principal focus of his efforts, working with the government's Small Business Administration, was to try to reopen the shops of looted merchants.

Sporadic rioting and looting spread to parts of the city unaffected on the first night, including Hollywood and Beverly Hills, and a thick pall of smoke from hundreds of fires still hung over the whole area.

Some of the sharpest confrontations centred on Koreatown, about two miles west of the downtown area. Korean shopowners armed themselves with pistols and rifles and shot at large bands of looters marauding through the streets in an attempt to repel them. In Seoul, President Roh Tae-woo called for additional protection for Korean natives in Los Angeles.

The focus of violence began to change early yesterday from looting to attacks on the police. Three policemen were shot and a paint factory, daubed with anti-police graffiti was set on fire. All schools in Los Angeles were ordered to close again in spite of concerns that young people who might otherwise be at school were roving the streets and adding to the problems.

Mr Bush's decision to deploy extra resources was taken after two White House meetings, the first involving his domestic advisers, including General Colin Powell, chairman of the joint chiefs of staff, and the second with black civil rights leaders.

Mr Marlin Fitzwater, the presidential spokesman, repeated the president's call for "understanding and reason" but added that "anarchy must not prevail".

He said Mr Bush would last night "discuss federal support for the city of Los Angeles and the general situation related to violence". The timing of the speech was dictated by the president's desire to speak to the people of Los Angeles before nightfall on the west coast.

The president's approach to what has happened in Los Angeles is fraught with political risk in this election year. His advisers seem to have been calculating the balance as events in Los Angeles and elsewhere have unfolded. On Thursday he had initially expressed a similar "understanding" for those frustrated by the verdict in the King case and promised an investigation that could lead to a federal prosecution of the acquitted policemen. But he later spoke only of the threat to law and order posed by the escalating violence in Los Angeles and it is now far from clear that a federal prosecution will materialise.

Mr Bill Clinton, his likely Democrat opponent in the presidential election, has also had to fine-tune some of his comments. He has, however, been more consistent in pointing to the underlying social and economic failings behind the riots. This did not stop the White House from accusing him of "playing politics" with the situation.

Black civil rights leaders told Mr Bush that a federal prosecution, while necessary, was the least he could do. They said he had agreed to consider empowering a federal grand jury to look into police brutality. They urged on him a comprehensive inner city action programme, without which, they said, the country could face years of trouble.

Page 3
- Civil rights leaders urge Bush to act
- Politicians take common line across race and party divide
- Final blot on record of insensitive police chief

Page 7
- Why racial tensions are at snapping point

Battle zone: A National Guardsman patrols a burned-out business district of Los Angeles

UK rates may fall next week by up to ½ point

By Peter Marsh, James Blitz and Philip Coggan

MOVES BY the Bank of England suggested yesterday that the government is set next week to sanction a cut in base rates by up to half a percentage point in an effort to strengthen faint signs of economic recovery.

The signals, which took the form of operations on money and gilt-edged markets, came amid fresh signs of a weak upturn in housing and retailing.

The Bank's moves suggest Mr Norman Lamont, the chancellor of the exchequer, has decided to capitalise on sterling's recent strength by acting quickly on base rates, now at 10.5 per cent, rather than wait for further evidence that the economy may have turned up after last month's general election.

They also indicate that Mr Lamont intends to gamble against the possibility of an imminent rise in German rates – which set the climate for UK monetary policy via the linkage of the European exchange rate mechanism.

There has been speculation that the Bundesbank might tighten rates – perhaps when its council meets on Thursday – in an attempt to force down German wage and price inflation.

In the Bank of England's money market operations yesterday it cut – for the third day running – the rates at which it lends to the money market through the purchase of long-term bills.

The Bank also announced the issue of £800m ($1.4bn) of short-dated 8.75 per cent gilts, to mature in 1997, when the London markets reopen on Tuesday.

Given the rising gilt market, these bonds are unlikely to find buyers unless the Bank cuts base rates, held at their current level since September, on Tuesday or soon after.

Meanwhile, the Nationwide Building Society said its house price index rose by 0.7 per cent in April, only the second increase in in 10 months. The society's estate agents reported house viewings

Continued on Page 24
Anthony Harris on gilts, Page 7
Currencies and rates, Page 13
Lex, Page 24

Lloyds may close branches if Midland bid succeeds

By Robert Peston and Catherine Milton

LLOYDS BANK may close more of its own branches than those of Midland if it succeeds in buying its UK rival, Mr Brian Pearse, Midland's chief executive, claimed yesterday.

As Midland fired its first serious shots in its battle to ward off Lloyds' takeover proposals, Mr Pearse said he expected Lloyds would have difficulty in maintaining the morale of its staff during the takeover struggle.

Midland wrote to its shareholders to say it prefers the £3.3bn bid made by Hongkong and Shanghai Banking Corporation.

Mr Pearse said that when Lloyds and Midland were having secret takeover talks between December last year and mid-March, "we were told that more Lloyds branches would be closed than ours". Lloyds was then discussing the closure of 1,100 of the banks' combined 3,745 branches.

However, when Lloyds announced on Tuesday that it wanted to pay £3.6bn to buy Midland, it said the takeover would involve the closure of 1,000 branches. Lloyds said yesterday no decision had been made on whether more Midland or Lloyds branches would be closed.

Meanwhile, Bifu, the UK banking union, threatened disruptive industrial action as a last resort to protect jobs. Mr Leif Mills, the union's general secretary, said: "It is a possibility that various forms of action might take place, if all else fails."

The union will not take action while it is continuing its campaign to have a Lloyds bid for Midland blocked by the competition authorities. Bifu now believes that 30,000 jobs would go if the takeover goes ahead, rather than the 20,000 Lloyds' estimate.

Mr Pearse, meanwhile, rejected suggestions that Midland turned down Lloyds' initial takeover approach because directors wanted to protect their own jobs.

"Under Lloyds' original proposals, we would have filled most of the top jobs", he said. Lloyds had planned, he said, that Sir Peter Walters, Midland's chairman, should become chairman of the combined banks.

Mr Pearse would have been deputy chief executive. Mr Richard Delbridge, Midland's finance director, would have been the combined banks' chief executive.

Lloyds said it was putting the finishing touches to the submission it will make to the Office of Fair Trading on why Hongkong Bank's bid should be referred to the Monopolies and Mergers Commission, if its own bid is referred there.

High street upheaval, Page 6
Bank on sideline as two suitors make approaches, Page 8
Cheques and balances, Page I

CONTENTS

Austria Sch30; Bahrain Din1.000; Bermuda $1.85; Belgium BFr60; China FEC 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr200; Hong Kong HK$18; Hungary Ft162; Iceland IKR180; India Rup20; Indonesia Rp3,800; Israel N$5.50; Italy L2500; Japan Y500; Jordan JD1.20; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.80; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.20; Pakistan Rs35; Philippines Peo 45; Poland Zl 16000; Portugal Esc190; Qatar QR10.00; S.Arabia R10.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$65; Thailand Bht50; Tunisia Din1.000; Turkey L6000; UAE Dh8.00; USA $1.25 (Alaska & Hawaii $1.75)

Treaty would be important step to goal of trading bloc covering the Americas

Bush seeks go-ahead for Chile free trade pact

By David Dodwell, World Trade Editor, and Nancy Dunne in Washington

PRESIDENT Bush is expected to ask Congress for permission to negotiate a free trade agreement with Chile during a visit to Washington by Chilean President Patricio Aylwin which starts on May 13.

The pact would be the first between the US and a South *American country and an* important stepping stone towards President Bush's goal of a free trade bloc covering the Americas.

Politically, it would send a message to the stalled Gatt *negotiations that, as with the* North American Free Trade Agreement (Nafta), the US will not sit and wait for liberalised trade.

Congressman Jim Kolbe, an Arizona Republican and a prime Congressional mover behind the Nafta, said the pres*ident was likely to move* quickly on Chile while he still had Congressional authorisation for "fast track" negotiating authority.

This allows him to submit a trade agreement to Congress *for a yes or no vote with no* amendments allowed. His power to use "fast track" expires on March 1 next year.

Because of the rapid pace of its economic liberalisation, Chile falls into a special category of trading partners in Latin America. Other countries *in the region, queued up for* Free Trade Agreements (FTAs) under the Enterprise for Americas Initiative, cannot expect such early consideration until their reforms are further advanced.

Hints that the *Chilean* negotiations would start soon have recently been dropped by US Administration officials. Mr David Mulford, the US treasury under-secretary, last week said the talks should begin within the next two months. Chile has since April last year declared *an FTA with the US to be top* priority. A free trade agreement with Chile is considered relatively uncontroversial in the US. Unlike Mexico, its total population of 13m is not seen as threatening to US jobs. The economies are highly complementary. Two way trade in 1990 reached \$2.84bn, (£1.6bn), 18 per cent of Chile's foreign trade.

The greatest beneficiaries are expected to be American mining equipment companies which would gain an advantage in the competition for the almost 100 major mining projects being developed in the country. Chile already has a FTA with Mexico, the first bilateral pact in Latin America signed in September last year.

Congressman Kolbe said President Bush must give Con*gress 60 days in which to chal*lenge his intention to negotiate with Chile. Such a pact would be comparatively easy to negotiate and could be submitted for Congressional approval early next year. The Administration has until March 1, 1993, to notify Congress of its intention to use "fast track".

Kabul becomes target for new 'Great Game'

By Steve Levine in Kabul

IN the week since the Mujahideen rebels seized power, Kabul has become both the target of a regional scramble for power, and an island in a fragmented nation ruled by local warlords.

In the regional power strug*gle, Pakistan and Iran are com*peting for influence in a new Afghanistan that will provide a long land route to the prized former Soviet central Asian republics. Saudi Arabia, flush with oil dollars, also is seeking a voice in Kabul.

Pakistan's Prime Minister Nawaz Sharif has openly acknowledged his interest in re-opening the pre-1917 trade route between Tashkent and Peshawar.

This week, he pressed the point by flying in with his army chief of staff, Asif Nawaz, and intelligence director, Javed Nasir. Also aboard the aircraft were Saudi Arabia's intelligence chief Prince Turkhi Bin Al-Faisal and 60 Pakistani journalists.

Less openly, Iran has made *clear its interest in fostering a* loose, Persian-speaking union which *it would like to see* include northern Afghanistan and Tajikistan.

The official Pakistani visit was seen as the opening salvo of an expected stiff competition. It was an attempt to say: "We have got here first".

"This is a kind of signal to others, including Iran, that 'we have established ourselves'," said an Asian diplomat. "We *don't know what* Iran's reaction will be."

In this evolving competition following the end of the 13-year war, Afghanistan has again assumed its historical role as a crossroads for greater powers seeking regional influence and corresponding wealth.

Northern Afghanistan has undetermined but estimated rich deposits of emeralds, gold and lapis lazuli. A toehold here *could make it easier to estab*lish stronger contacts with Uzbeks, Tajiks and Turkmens over the border, where there are large deposits of uranium, oil and natural gas, in addition to a huge cotton crop.

"For all three countries, Afghanistan is vital as a stepping stone to Central Asia," said another diplomat. "Whatever happens will have repercussions on the rest of the *region." The scramble for* power is occurring amid the confusion of Afghanistan's new domestic struggle.

Kabul's power over the countryside appears to have unravelled to its worst state since before 1880, when, after decades of instability, the then Emir Abdul Rahman patched together the whole of Afghanistan under his rule.

The main cities and small *villages in the countryside* have come under the control of *figures who are effectively* local warlords.

In western Herat, the local strongman is Ismael Khan, a former army officer who defected to the Mujahideen early in the war. In the south-eastern capital of Gardez and Khost, the strongman is Jalalludin Haqqanni.

The potential of regions sim*ply spinning off in their own* direction, Herat toward Iran, *Mazar-i-Sharif toward former* Soviet Central Asia, and Jalalabad and Kandahar toward Pakistan, suddenly has become more than just a fear, since bankrupt Kabul can offer little inducement to remain in its domain.

In such a confused state, the fruits of the end of the war could simply be more years of *misery for the Afghans*, diplomats and Afghans have said in interviews in the past few days.

"Apart from the boundaries of Kabul, the country is totally fragmented," said a European diplomat. "You go from village to village, and there is a different Mujahideen commander in each one.

"Who will pay the people (to remain loyal to Kabul)? If you don't pay, they will try to grab everything for themselves."

Afghanistan's interim President Mujadidi addresses supporters while visiting the Kabul burial ground of his ancestors

EEA signing set to intensify talks over 'bigger EC'

By David Buchan in Oporto

SIGNATURE later here today of the European Economic Area (EEA) treaty, giving seven more countries effective half-membership of the European Community, looks like accelerating a hotly-contested debate on its enlargement.

The main formal business on *enlargement, for foreign minis*ters of the Twelve at their reg*ular six-monthly meeting, is to* join their counterparts from the seven European Free Trade Association (Efta) countries in signing the EEA pact. This needs ratification by EC and Efta parliaments by the end of *this year so that the plan,* extending the single EC market to Efta, can be effective next January 1. The chief hurdle will be a Swiss referendum.

But three Efta states, Austria, Sweden and Finland, have already applied for full membership. Mr Jacques Delors, *Commission president, has* warned that his report on the institutional implications of enlargement for the June summit in Lisbon will shock existing member states.

At this weekend's meeting he may be asked to expand on his emerging idea of upgrading the Commission into a more powerful political executive, whose head would be elected by the European Parliament and which would be accountable to that body and the European Council, as EC summits *are known.*

As yesterday's meeting began, an official of the UK, which takes over the EC presidency in July, warned that for Mr Delors to launch another big debate so soon after the Maastricht treaty, "could stop the whole show".

The UK believes the EC must focus on issues such as future financing and membership of the EC. But Commission officials are frustrated at the way the rotating presidency system overstretches small countries, such as Portugal at present, effectively to steer the Commu*nity. The emerging Delors plan* is not to replace the presidency, but create a more powerful EC executive in foreign and economic policy-making. Its head could act as de facto EC president, leaving the national presidencies a more ceremonial role.

Germany leads push against recognition

By Patrick Blum and David Buchan in Oporto

GERMANY last night led a strong push inside the European Community to withhold recognition of the new joint *Serb-Montenegrin state as the* successor to the old Yugoslavia, in an attempt to get the Serb army out of Bosnia.

EC foreign ministers are to devote most of their meeting here today to Yugoslavia. But even at the outset of yesterday's discussions, a German spokesman said Bonn would also be seeking United Nations *action on trade and oil sanc*tions against Serbia.

Britain echoed the general sentiment that, by declaring a new state, President Slobadan *Milosevic of Serbia has given* the Community a certain diplomatic leverage over him. "It would seem that Mr Milosevic *is more concerned about recog*nition and status than he is about his economy".

Greece's prime minister, Mr Constantine Mitzotakis came in for criticism for arriving at this weekend's meeting via Belgrade where he appeared to confer de facto recognition on the new Yugoslav state.

On Macedonia, the EC minis*ters seemed agreed to respect*, Greece's strong views.

Over 200 are killed in the Rift Valley

Violence plagues Kenyan transition

By Julian Ozanne, *Chapakundi, western Kenya*

FACE down and bent over double, the lifeless body of Mina Njogu lies in a wet field full of ferns on the feertile slopes of Chapakundi, a remote farming village in western Kenya.

Falling raindrops glisten off his grey hair and beard. A *rusty home-made arrow head* sticks ouf of his neck. His head is covered in four inch deep cuts made by axes and machetes which ended his life.

Yesterday (Friday) five days after he was murdered his body still lay uncollected, one more victm in Kenya's mounting death toll from bitter tribal violence.

At least 200 people have been slaughtered in the hills and forests of Kenya's Rift Valley in the past two months in the worst explosion of ethnic conflict in the country since independence in 1963.

The violence threatens the country's transition from one party rule to multi party democracy, coming under *fur*ther strain today Saturday with the long-awaited return to Nairobi of Mr Kenneth Matiba, a leading government opponent.

Supporters are expecting an enthusiastic crowd to welcome Mr Matiba, a former cabinet minister, who was arrested in 1990 and detained for nearly a *year before being allowed to* leave Kenya for medical treatment in London.

The conflict has pitted president Daniel arap Moi's Kalenjin tribe against the Kikuyu Kisii and Luhya tribes, in which traditional rivalries have been exacerbated by high population growth and growing competition for land, and *fears amongst the Kalenjin* that they will lose out if the *presidency changes hands.*

The main street in Chapakundi is littered with clothes, empty suitcases and home made wooden shields. Mr Geoffrey Muturi, a Chapakundi resident, says hundreds of Kalenjin warriors, dressed only in *shorts, their faces covered in* warpaint and armed with machetes and bows and arrows, first attacked the village last Saturday. In three days of fighting they killed at least 20 people, burned homes and looted shops.

On Monday they forced everybody to drop their possessions on the dirt road and flee *to nearby towns. Mr Muturi* says the fighters also destroyed title deeds to land and identity cards which enable people to vote in elections.

The same pattern of violence was repeated in the villages of Kaplamboi, Saosa, Korofa, and Olenguruone.

Yesterday, all along the muddy roads leaving the clash areas hundreds of scared people, mostly Kikuyus and Kisiis *were still struggling on foot* weighed down with heavy sacks stuffed full of the few possessions they could carry on their heads.

They are joining what has become a mass exodus of at least 20,000 people to have *abandoned their homesteads* and farms and fled to the makeshift camps being set up in nearby towns mostly by the Catholic church.

Last March Kenya's Roman Catholic bishops issueda pastoral letter accusing the government of instigating the violence. Opposition leaders have claimed that Mr text is seeking a pretext to declare a state of emergency and delay elections, *perhaps indefinitely.*

Impending political change in tribal composition and the presidency has stirred deep fears.

Fears are widespread of an escalation in the conflict as morelives are lost and the elections, whichmust be held before next February, approach.

One of the greatest fears is that the clashes will spread to the multi ethnic towns and cities. Last week a Kalenjinman found carrying aarrows was stoned to death in downtown nairobi by anangry mob.

New times, new comrades new May Day in Moscow

By John Lloyd in Moscow

"It's the First of May here, *what's wrong with that?"* was the defensive splash headline yesterday in Pravda, the former main organ of the former Communist Party of the former Soviet Union. Its defensiveness was compounded by being placed next to a lead story which reported glowingly on a demonstration in Warsaw "For work and Bread!" organised by ... *Solidarity, which* Pravda had anathematised for most of the past decade.

New times, of course, mean new comrades: the former Communists who marched in modest numbers (about 10-15,000) in Moscow yesterday found, when they arrived in Red Square, that they were in the midst of a street party which the authorities had organised for orphans, and were *surrounded by advertis*ing hoardings, including a striking one proposing holidays in the Canaries - a genuflection to one of the party's sponsors, the Spanish Ministry of Tourism.

It was the first First of May with no top Communist on the *Lenin mausoleum:* no banners on GUM, the vast department store (many departments, no stores): no obeisance to the Gods of 19th century historical materialism. Last year they got rid of the tanks: Mr Mikhail Gorbachev, the former Party general secretary, had stood on top of the tomb waving listlessly at a ragged procession. *This* year, the "workers" *had* to fend for themselves.

"Where are the workers?" asked one crone carrying a picture of Lenin. "I don't know, taking it easy," said an onlooker. "They should be here!" said the crone, waving a portrait of the Workers' Best Friend. "Their life is being destroyed, they should be here!" Certainly the march spoke in their name. Organised *by the Moscow Federation of* Trade Unions (there are many such bodies now) it singled out the slowly developing capitalist relations for attack. "Privatisation: the millionaire's fiancé and the workers' grave" (it rhymes in Russian); "Down with the *dictatorship* of the Mayor of Moscow and the President: up with the dictatorship of the Workers' Councils". A man in a car screamed through a loudspeaker: "Privatisation: a foreign word for a foreign process!"

In other cities, turnout was smaller. In Ukraine, the Socialist Party, successor to the Ukrainian Communist Party, advised its members not to *demonstrate because they had nothing to celebrate.* Even on a fine MayDay, the old forces again showed their inability to capitalise on the economic grievances of the masses. Worst of all for the old Communists, the march showed they had competition on the left. Young Trotskyites handed out leaflets from the Spartacist *League which called for the* workers to arise. Privatisation is one thing: but when Trotskyists appear, the game is probably up. Capitalism is back.

Turkey aid for Moslem republics

MR Suleyman Demirel, the Turkish Prime *Minister* mobilising a \$1.1bn package for Mos*lem republics in the former* Soviet Union, arrived in Turkmenistan yesterday, Reuter reports from Ashkhabad.

The Turkish leader will offer export credits and soft loans for purchases of food staples to Turkmenistan, as he has on previous stops in Uzbekistan, Kyrgyzstan and Kazakhstan.

Mr Demirel will also try to seal agreement on a proposed meeting of Moslem republics in *Ashkhabad at the end of May,* which Turkish foreign ministry officials said he would attend.

Turkey hopes to host a summit meeting in Istanbul in September or October to review progress on cooperation.

Mr Umut Arik, head of Turkey's newly-created development and cooperation agency, said Ankara was providing \$1.1bn in credits to the Moslem *republics of the former Soviet* Union.

Mr Demirel was expected to sign agreements on road transport, civil aviation, investment protection, broadcasting and help for small and medium-scale enterprises in Ashkhabad.

● Turkmenistan will switch to a Latin-based Turkish alphabet *from the Cyrillic script* imposed by Moscow decades ago to strengthen control over Central Asia.

East Germans find their homes are no longer their castles

Many live in fear of being forced out by their western neighbours, **Leslie Colitt** reports from Kleinmachnow, Berlin

FRED HAUPT hanged himself from a tree outside his small wooden house in east Berlin this week. He was found by the bailiff who had come to evict him.

His is the second east German suicide within a month *related to properties lived in* by east Germans but claimed by west Germans. Mr Detlef Dalk, a local politician, from the east Berlin suburb of Zepernick where Mr Haupt lived, killed himself after his house was *claimed* by a west *German*. Mr Dalk left an open letter to *Chancellor Helmut Kohl pro*testing at the government's principle of returning eastern property to western owners instead of indemnifying them.

East Germans occupying more than 1m houses and apartments claimed by westerners have been plagued by similar worries. Confrontation over the contested properties has done more to alienate "Wessies" and "Ossies" than *any other development since* unification in October 1990.

Demands by west Germans for access to "our homes" have been met by east German signs proclaiming the properties "out of bounds for Wessies".

Mr Wilfried Wähner and his wife Ingeborg say they live in perpetual fear of the west German owners of the house they have rented from the state for 32 years. They claim the owners are using every means to *evict them, and blame their* predicament on German unity.

"At first we were happy about unification but now we feel victims of an attack," Mr Wähner said. During the owner's long absence, Mr Wähner repaired the roof, built a garage, and meticulously *tended the garden, at a time* when building materials were obtainable only on the black market.

The Wähners live in Kleinmachnow, a leafy east German suburb of west Berlin with 11,000 residents. Until 1989 the town, whose streets ended at the Berlin Wall, was known locally as the "end of the world". Now 66 per cent of the houses have claims on them by *former western owners.*

When a representative of the owners first visited the Wähners in early 1990, he assured them they would be allowed to remain in the house permanently. The following spring, the first eviction notice arrived ordering the Wähners to vacate the house within 10 days. "It is ruining my nerves," said Mr Wähner, a 65-year-old former electrical engineer.

Despite assurances by the *local tenants' association* that the couple could not be evicted under the terms of the unification treaty, the heirs threatened them with legal action, claiming they had not paid the rent, a charge they deny. "We expected capitalism to be more social but it is awful for many *of us,"* Mr Wähner concluded.

East German houses are frequently sold by the west German owners to other westerners who, in Kleinmachnow, will typically pay up to DM700,000 (£238,095) for a small house and are then faced with sitting tenants paying a rent-controlled DM300 a month.

While the rent has doubled since last year, it is only one-seventh of that for a similar house in west Berlin. The westerners hope they can either eventually evict the tenants or raise the rent. "The conflicts of interest are awful," Mr Klaus Nitzsche, mayor of Kleinmachnow, said. "New owners harass the tenants who regard their homes as social housing."

Mr Horst Abraham of the tenants' association in Klein*machnow said the prospects* for the Wähners and others will depend on whether the protection against eviction guaranteed by the unification treaty expires this year as planned. He warned that, if it is not extended, owners will issue wholesale notices of evic*tion saying they need the* houses. East Germans forced to *leave their homes will have lit*tle chance of finding affordable flats as virtually no new lower *rental housing is being built.*

Mr Wähner: he blames his predicament on German unity

Houses which belonged to Jews forced to leave Nazi Germany after 1935 often have several conflicting claims on them. They were expropriated and usually sold to Nazis, then expropriated again in 1945 and resold, often several times, to *people who later left east Ger*many. The heirs of the original Jewish owners have been told by the government they will eventually get the houses if they submit claims. But this can take years.

People such as the Wähners were assigned their house by *the state after the owner had* left for the west. Although the *owner retained title to the* property, the house was taken over by a state trusteeship agency into whose special accounts, protected against withdrawals by the owner, the tenant paid his extremely low rent.

East Germans had the right to buy the houses from the state. Those who did before October 18, 1989, the day Mr Erich Honecker, the east German leader, resigned, were deemed by the German government to have "honestly" *bought their homes* and cannot be dispossessed by former owners in the west.

The cut-off date was designed to stop former Communist officials and company directors, who had an inside track on obtaining state properties, from keeping the real *estate they purchased after* this date. But many an official villa was sold cheaply *to influ*ential east Germans after October 1989.

Even those easterners who bought their houses before the cut-off have not been spared headaches. Their house purchases did not include title to the property on which the *home stood*, which under east German law remained state-owned.

Many former western owners have submitted *claims to get* back these properties, if not the houses on them. *Bonn* is considering a solution whereby easterners will be able to keep their houses as hereditary tenants. But this is of little help to tenants of contested houses such as the Wähners who see themselves as the losers of history.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.



Police stand guard over suspected looters in Los Angeles, left, while youths kick a bystander in Atlanta, centre. The woman stealing toilet paper is dripping wet from the grocery store's sprinkler system

Civil rights leaders urge Bush to act

By Jurek Martin

BLACK American civil rights leaders told President Bush yesterday that failure to address the underlying conditions behind the Los Angeles riots could mean years of trouble in the nation's inner cities.

Speaking after a White House meeting, Rev E V Hill, of the Mount Zion Baptist Church in Los Angeles, said the president had been told there was no problem in the world, including narcotics and aid to the Soviet Union, that was bigger than the racial tension in America's cities.

Asked if he trusted the president to take the right action, Rev Joseph Lowery, of the Southern Christian Leadership Conference, acidly replied: "He is the only president we've got." Quoting Rev Martin Luther King, he urged Mr Bush not to be consumed "by the paralysis of analysis".

Rev Lowery, with others nodding agreement, called on Mr Bush to empower a federal grand jury to investigate the beating of Rodney King. He said the president had not closed the door on this possibility.

Benjamin Hooks, of the National Association for the Advancement of Coloured People, said the question of police brutality could not be avoided. He demanded that the attorney-general proceed immediately with a federal prosecution of the King case.

John Jacobs, of the National Urban League, declared: "This is not just an LA thing." Arthur Fletcher, of the Civil Rights Commission, said what was happening "touches every household in America".

The message from all of them was that nothing less than a fully-fledged action programme would suffice. Mr Hooks, saying it was "encouraging we could even have this meeting with the president," declared this was "a defining moment in the history of the country".

Absent from the meeting was probably the most political of all American black civil rights leaders, the Rev Jesse Jackson, who said on Thursday that he had not been invited.

It was also noteworthy that Hispanic and Asian minorities, also very much affected by the riots, were not represented at the White House meeting, an indication both of the enduring influence of the black civil rights leaders in Washington and of the extent to which, rightly or wrongly, what happened in Los Angeles and elsewhere is seen principally as a black issue.

Tough police action restores order to San Francisco

Anarchy touches America's city streets

By Louis Kehoe in San Francisco and George Graham in Washington

ANARCHY still ruled on the streets of Los Angeles yesterday, while some semblance of order returned to San Francisco shaken by a night of violence.

The disorder in San Francisco followed a similar pattern to those a day earlier in Los Angeles. What began as peaceful protests, led primarily by student groups, erupted into wanton destruction and widespread looting in the downtown area of the city on Thursday night when the protesters were joined by multi-racial gangs of youths who seemed intent upon lawlessness.

Police motor bikes were set on fire, bottles and rocks were thrown, shop windows smashed and at least one car overturned.

In San Francisco, 600 police including reinforcements from several surrounding counties, acted immediately taking a firm hand. They arrested more than 400 people during the course of the afternoon and evening. Mayor Frank Jordan declared a curfew at 9pm on Thursday and ordered police to strictly enforce it saying he was intent on preventing an escalation of violence to the levels seen in Los Angeles.

The San Francisco police response was in sharp contrast to Los Angeles where authorities have been totally overwhelmed by the scale of the mayhem and have so far made only isolated attempts to prevent property damage and theft. The latest count of arrests in Los Angeles, since the violence began on Wednesday, is not much higher than in one night of riots in San Francisco.

Clearly attempting to avoid any confrontation that could escalate racial tensions, Los Angeles police have been hamstrung. The National Guard, although heavily armed, has so far served only to protect properties avoiding confrontation and direct intervention.

Although rage over the decision in the Rodney King trial sparked the riots in Los Angeles, San Francisco, Seattle, Atlanta and other cities, it is now clear that other forces are at work.

The perpetrators of violence are not all black, nor are they all minorities. These are gangs of poor youths from the inner city ghettos of America, striking out and grabbing what they can in the midst of chaos.

Black leaders in many other regions reported a deep sense of anger and frustration after the King verdict, but only in a handful of other cities did protests spill over into violence.

Mobs of 200 or more rioted in Atlanta and Seattle, and in Las Vegas firebombs were thrown at two police stations and a police officer was shot in the leg. Police said they found a charred body in the wreckage of a burnt out shop.

Shots were also fired in Tampa and Birmingham, and arson was reported in Pittsburgh.

Las Vegas and Atlanta followed the lead of Los Angeles and San Francisco by ordering overnight curfews.

Elsewhere, black leaders looked for ways of challenging the anger that many blacks felt after the King verdict.

In Cleveland, for example, a youth leader named on television a number of police officers regarded as persistently racist.

"If the leadership follows through on it, that kind of thing could cool things down considerably," a local black politician said.

Many other cities, however, contain several of the ingredients for violence: depressed inner city neighbourhoods, youths with little education and less hope of employment, and heavily armed street gangs.

Meanwhile the rest of the world has reacted with a mixture of emotion and trepidation to the events of the last two days.

William Dawkins writes from Paris: The Los Angeles riots are a symptom of the US administration's insufficient attention to social problems, French President François Mitterrand said yesterday.

"I do not want to give advice, out of respect for this great country, but as you are asking my opinion, I think there is an absence of social legislation and protection," Mr Mitterrand said.

He expressed sympathy for President Bush, but said he had "an extremely conservative political outlook and American society is conservative, economically liberal. We are seeing results of that."

The "scandalous" court acquittal of four white policemen filmed beating a black motorist was partly to blame, but poverty was the root cause. Wherever there is poverty "there will always be incidents and there will always be injustices," said Mr Mitterrand.

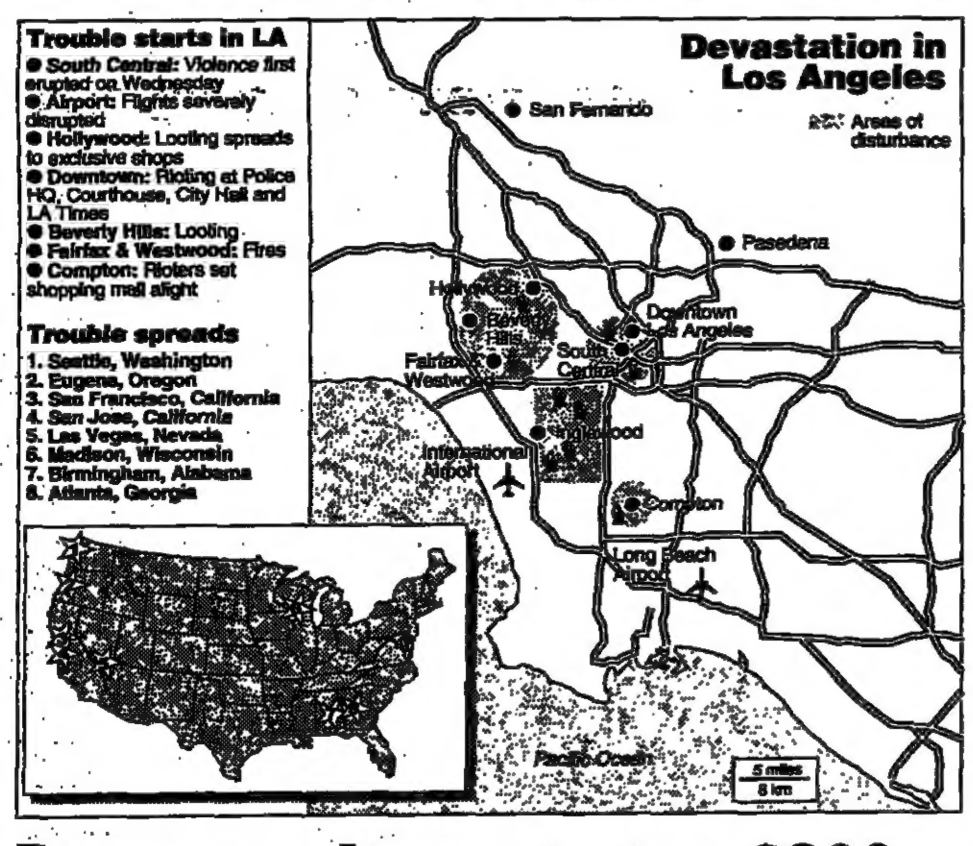
There was no comparison between what happened at Los Angeles and the suburban disorder which shook parts of France last year, he stressed. France had the highest level of social protection in the world, said Mr Mitterrand.

AP adds: Elsewhere in the world, Pope John Paul II sent sympathy to the victims of the violence, Japan's biggest travel agency suspended tours to Los Angeles, and the media around the globe gave the riots top-billing yesterday, sidelining domestic news for the second straight day.

In Berlin, German left-wingers adopted the riot dead and injured as the theme of a march on May Day, a holiday in many European countries.

Newspapers poured out columns of largely indignant comment on the acquittal of the four white policeman in the videotaped beating of a black motorist, and analyses of US racial and economic troubles.

But most heads of government stayed silent about a crisis which for many European leaders was a reminder of racial tensions at home.



Insurance losses to top $200m

By Richard Lapper in London

Insurance losses from civil disorders in Los Angeles and other US cities looks set to top $200m and could reach a $1bn according to some early estimates.

The firmest early indications of losses have come from Farmers Group, one of California's biggest insurers, which estimates its own losses at about $50m.

Farmers, which is part of the BAT Industries group, will pay all losses up to $100m on its own account, reinsuring 95 per cent of claims above that level and up to the $300m mark.

Mr Nicholas Balcombe, of loss assessors Balcombe Group, the UK affiliate of Adjusters International, which has offices in Los Angeles, expects insured losses, including the cost of consequential losses, to reach $1bn.

A second form of loss adjuster Maxon Young also expects insured losses at this level.

The London insurance market, which provides reinsurance for a number of US companies, could also be affected.

An executive of one leading international broker, said: "We have already identified some severe impact to London."

Two particularly large losses in the Los Angeles areas would each lead to claims of more than $10m, he added.

The Insurance Information Institute, a New York-based industry grouping, has provided no estimates of its own.

Final blot on record of insensitive police chief

By George Graham in Washington

LOS ANGELES Police Chief Daryl Gates had been accused of nurturing one of the most brutal police forces in the country: now he is under attack for fuelling the violence and then standing by as it rolled across poor black neighbourhoods.

Mr Gates acknowledged yesterday that his department had been overwhelmed by the scale of the violence. Police could only look on, outnumbered, as crowds looted shops, and moved in mostly to protect firefighters from attack.

The controversial police chief was said to have argued on Wednesday, the first night of rioting, against sending in National Guard troops, and only to have bowed later to evidence that his police force was incapable of handling the violence.

That the Los Angeles police department should have been overwhelmed by the riots may be understandable, but it represents one final blot on Mr Gates's reputation.

In his 14 years of office, his critics say he has built a heavily politicised force in his own image: aggressive, insensitive and widely tinged with racism.

Shortly after his appointment in 1978, Mr Gates told a Hispanic audience that Hispanic officers were not promoted because they were lazy, and he later suggested that the carotid choke hold – a police technique severely curbed in 1983 after police had killed 16 suspects with it – might be more dangerous for blacks because their arteries did not open up as fast as on "normal people".

In March, Mr Gates strongly defended the detective who had led an investigation 17 years earlier into the killing of an off-duty Los Angeles police officer, although a judge had just released the two men wrongfully convicted, calling police conduct "reprehensible" and urging an immediate investigation of the "sordid record".

In 14 years he built an aggressive, insensitive police force widely tinged with racism

The detective involved now heads the unit which investigates shootings involving police officers.

But the Los Angeles police chief has almost complete protection from removal under a 1937 statute that followed a series of political scandals, and Mr Gates has developed political clout on top of this job security.

President George Bush last year called Mr Gates "an exemplary police chief," although at the time he called the conduct of the four Los Angeles officers – whose acquittal this week over the beating of a black motorist triggered this week's protests and violence – "sickening" and "outrageous".

A high-ranking commission appointed after the beating, under the chairmanship of Mr Warren Christopher, a lawyer and former deputy secretary of state, concluded that the Los Angeles police department got results, in terms of arrests, but had developed a "siege mentality that alienates the officer from the community".

Besides recommending that Mr Gates should go, the Christopher commission urged a policy of community policing with more foot patrols, as well as measures to discipline racist police officers and to improve the investigation of complaints about police brutality.

The commission found that a significant minority of the Los Angeles police force "repetitively misuse force" without being properly disciplined.

Six months after its initial report, however, the commission noted that of the 44 officers identified as the object of six or more brutality complaints, two had been fired, three had resigned and 11 removed from field duty.

Mr Gates has finally agreed to step down in June. His replacement, Mr Willie Williams, will be the first black head of the Los Angeles force.

Mr Williams faces an uphill struggle, but he has drawn widespread praise as Philadelphia's police commissioner since 1988 for mending fences between the police and the community – notably through the use of the foot patrol methods recommended by the Christopher commission.

Politicians take common line across race and party divide

Jurek Martin on the leaders who have to pick up the pieces when the violence subsides

TOM Bradley and Pete Wilson.

It would be hard to think of two politicians on the surface more different than Tom Bradley, mayor of Los Angeles, and Pete Wilson, governor of California.

The mayor is black, bulky, a Democrat, a cautious consensus builder and, at 75, near the end of a distinguished political career that has spanned 19 years running the state's biggest city, two unsuccessful attempts at the governorship and serious consideration, in 1984, as a vice presidential candidate.

The governor is white, trim, a Republican, a born again activist and, at 58, very much in his political prime, having served as mayor of San Diego, in the US Senate and since the start of last year running the nation's biggest state. He is on everybody's shortlist as a presidential candidate in 1996.

Yet these are two men in whom surface appearances are deceptive. What has been striking in the 48 hours since Los Angeles erupted has been the identity of their opinions. Both have made no bones of their disbelief at the jury's verdict acquitting four police officers of the beating of Rodney King and both have warned that continued rioting will bring the full retribution of the law.

Tom Bradley is known locally as the "Teflon mayor," on whom, like Ronald Reagan, no mud sticks. The son of a Texas sharecropper, a lawyer and former policeman, he is credited with keeping the lid on the volatile Los Angeles ethnic cocktail.

But he is also given credit for ensuring that downtown Los Angeles at least did not suffer the physical decay of so many other large American cities. He encouraged external investment in the urban centre, especially from the Japanese.

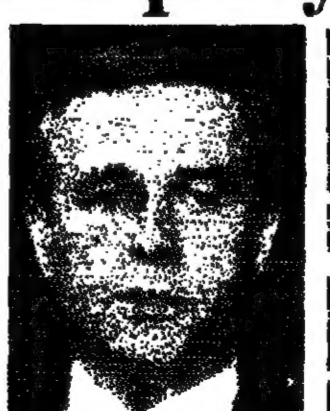
He has been criticised for not reacting sharply enough when the King beating hit the television screens in March last year and for not instantly calling for the removal of Daryl Gates, the controversial police chief. But he did convene a special commission that produced a damaging report on the police department's practices and, finally, he did this March call for Mr Gates's retirement.

Pete Wilson was considered cautious too, when he took over the governorship at the start of last year, but no longer. For his tenure has been remarkable for his breaking with Republican orthodox doctrine in his assault on the state's fiscal crisis. He is now seen as the state's most interventionist and innovative governor since Mr Pat Brown, Jerry's father, in the early 1960s.

The Wilson formula has been to cut public services and, astonishingly for a Republican forged in the Reagan era, to increase taxes. Moreover he did so by working with, not against, the Democratic majority in the state assembly. Republican conservatives, like Pat Buchanan, consider him the biggest political apostate in the national party.

He describes his philosophy as "activism in a preventative way." There was, perhaps, no way that he, or Mayor Bradley, could have prevented the spontaneous combustion of Wednesday night in Los Angeles but it is obvious that both are going to be active in seeing that it comes to an end.

What happens after that, however, will be a bigger test of their capabilities. Success or failure may add lustre or tarnish the mayor's last years, but it may also determine whether the governor makes it to the White House four and a half years from now.




Pete Wilson, left, and Tom Bradley: both accused of being too cautious

NEWS IN BRIEF

Sales of cars decline in Japan

JAPAN'S economy showed signs of continuing weakness last month, with sales of new vehicles down 4.8 per cent from a year earlier, while seasonally-adjusted unemployment rose from 2.0 to to 2.1 per cent during March, writes Robert Thomson in Tokyo.

However, Mr Tsutomu Hata, finance minister, said the government did not plan additional measures to stimulate the economy with the risk of rekindling inflation.

Consumer prices in Tokyo rose 2.9 per cent in April from a year earlier, compared to a 2.1 per cent increase in March.

Hong Kong banks cut rates

Hong Kong's two note-issuing banks yesterday said they would be cutting their prime lending rates by 0.5 percentage points to 8 per cent on Monday, after the government signalled its desire for lower borrowing costs, writes Simon Holberton in Hong Kong.

The rate cut – designed to preserve the Hong Kong dollar's fixed rate with the US dollar – followed publication of inflation figures for March which showed annual inflation down to 9.5 per cent from 10.4 per cent in February.

Kidnap theory in Exxon riddle

US law enforcement authorities believe the mysterious disappearance on Wednesday of a senior executive of Exxon could be a kidnapping, writes Alan Friedman in New York.

But New Jersey police investigating the case remain baffled as to what happened to Mr Sidney Reso, the 57-year-old president of Exxon's international division.

Global warming treaty 'sell-out'

United Nations negotiators in New York were last night in the final stages of agreeing the wording of an international treaty on global warming, writes Clive Cookson, Science Editor. But environmental groups condemned the proposed text as unacceptably soft and "a sell-out to the US" because it does not commit the industrial countries to a firm target for cutting emissions of greenhouse gases

Guadalajara governor goes

The governor for the Mexican state of Jalisco has taken a year's leave in an effort to stem criticism of his conduct before and after the explosion at Guadalajara, the state's capital, which killed nearly 200 people, writes Damian Fraser in Mexico City.

Governor Guillermo Cosio Vidaurri has been accused of ignoring warnings of the danger, and of presiding over a corrupt government.

Deng foe backs faster reform

Veteran Chinese leader, Chen Yun, 87, has backed an accelerated programme of economic reform, writes Yvonne Preston in Beijing.

This is significant because he has long been regarded as the principal opponent of Deng Xiaoping's strategy of rapid reform and advocacy of capitalist methods where they bring results.

Sierra Leone closes borders

The west African state of Sierra Leone was cut off from the rest of the world yesterday following the military coup which forced President Joseph Momoh to flee to neighbouring Guinea, Reuter reports from Conakry.

The soldiers have suspended the constitution, imposed a curfew and a state of emergency. They have promised to introduce multi-party civilian rule as soon as they put down a simmering rebellion in the east of the impoverished country.

Watchdog rejects change on council swaps

By Robert Rice, Legal Correspondent

THE Audit Commission, the government's public expenditure watchdog, has rejected calls for a change in the powers of councils that would allow them to enter into interest-rate swap contracts.

A Bank of England committee had urged the change in response to widespread concern in the City after the law Lords ruled last year in a case involving Hammersmith and Fulham in London that councils did not have the authority to enter into such transactions. The ruling left 80 banks facing losses totalling £560m on interest-rate swap transactions with 130 councils in England and Wales. The commission says, in its response to a consultation paper issued by the Bank's legal risk review committee in February, that it would prefer the government to spell out on a case-by-case basis the types of transaction open to councils.

The committee under Lord Alexander, chairman of National Westminster Bank, argued that the *ultra vires* doctrine – the rule that transactions outside the capacity of one of the parties involved are void – was unfair and led to uncertainty.

The committee argued that poll-tax payers were adequately protected by provisions about authorisation and ostensible authority. Abolishing the doctrine would place those dealing with councils in the same position as those dealing with limited-liability companies.

The commission says, however, that there are important differences between councils and companies, and that poll-tax payers need the protection offered by the doctrine.

It says the Alexander committee's proposal would "largely remove the risk from parties dealing with local authorities and transfer it to local taxpayers who are unable to to take any steps to protect themselves from the sort of situation which arose at Hammersmith and Fulham and elsewhere in relation to swaps".

Elimination of the *ultra vires* option would put pressure on auditors to use powers of judicial review or to issue a prohibition on suspect transactions, the commission adds. The result might be a fresh spate of creative-accounting schemes of doubtful legality and prudence.

"Some London councils are still paying a heavy price for having entered into such schemes in the 1980s," it says.

The commission proposes clarification of the law where areas of uncertainty arise.

Marching to different tunes: in step with most of the world, workers in Tokyo (left) and Moscow (right) celebrate their traditional May Day holiday while those in the City (above) endure the rush hour and must wait until Monday for their day off

Workers of the world disunite over holidays

Richard Evans explains why the standardised Eurobreak is still some time away

THE COMPLAINT is no longer heard that the UK has fewer bank holidays than anyone else, although this remains broadly true. The difficulty now is to cope with those we have.

The arcane formula used by the churches to fix the date of Easter has produced a closer bunching of public holidays than usual this spring. Having just returned from the late Easter break, we are about to celebrate May Day, and then the spring bank holiday, previously Whitsun, will loom at the end of the month.

The main culprit is the May Day holiday, which was introduced in 1978 by Mr Michael Foot, then employment secretary, in honour of organised labour and the right to strike. It remains a mystery why so symbolic a gesture to proletarian internationalism survived the Thatcher years.

An added confusion over May Day is that while it is celebrated throughout most of continental Europe on May 1, in the UK the holiday is on the first Monday after May 1.

There could now be a revival pressure for a more even distribution of holidays, either with the addition of another bank holiday in the autumn or the transfer of one from the spring.

This idea is backed by the tourism and leisure industries as it would extend the holiday season and encourage people to take an autumn break in Britain. The suggestion of an October bank holiday was put forward last August by a National Economic Development Council committee, but it was received coolly by both the government and the Confederation of British Industry. The Department of Employment said an extra day could damage the country's competitiveness. The CBI said employers favoured the unbroken production run between late August and Christmas.

The government's reluctance to transfer or to add another bank holiday may surprise other European countries, which manage to remain competitive while having more public holidays.

The world league table is headed by Egypt with 22 public holidays and Brazil with 19. Even the dedicated workaholics of Hong Kong have 16, followed by Belgium with 13½, Japan, Spain, Portugal and Greece with 13, Luxembourg with 12, Germany, France and Italy with 11, the US and Denmark 10, and Holland and the Irish Republic nine.

The UK has a modest eight, but here again there is confusion, with variations between England and Wales on one hand and Scotland on the other. In England and Wales there are New Year's Day, Good Friday, Easter Monday, May Day, the spring bank holiday, August bank holiday (the last Monday in August), Christmas Day and Boxing Day.

The Scots dispense with Boxing Day and Easter Monday but add January 2 to their Hogmanay break, and generally take the August bank holiday on the first Monday of the month. Some Scottish cities pick differing dates for their spring and August breaks, however, which make them less disruptive nationally.

The phenomenon of bank holidays started in order to relieve the tedious grind of desk-bound clerks. There were as many as 40, usually in honour of saints, until 1830, when they were pruned to 18. In 1834 there was a further reduction to four – Good Friday, May 1, November 1 and Christmas Day.

The idea of holidays by order was then formalised by Lubbock's Act of 1871, which enabled the banks to shut on four days a year without suffering any penalty for not paying bills which fell due on those days.

Different traditions developed across Europe, and harmonisation of public holidays has not been seriously discussed within the European Community.

The problems are apparent: For example, VE Day commemorating the end of the Second World War is a holiday in France, Belgium and the Netherlands, but not in Germany. Similarly, some religious holidays are rated very differently in Roman Catholic and Protestant countries.

Whatever else might be standardised, the era of the Euro-holiday is not yet in sight.

Mellor to oversee lottery bill

By Raymond Snoddy

MR DAVID Mellor's national heritage department has taken over the main legislative responsibility for the National Lotteries Bill.

The Home Office is expected to have residual responsibilities under gaming legislation, but Mr Mellor and his department – whose work the lottery is intended to help fund – will steer the bill through the Commons.

Mr Mellor, a former chief secretary to the Treasury, believes that a national lottery could produce as much as £1bn a year to support cultural and sporting life in the UK and improve crumbling and outdated buildings such as sports stadiums.

It was also announced earlier this week that Mr Mellor would take over the government's continuing interest in press standards and regulation. The government is due this summer to review the performance of the Press Complaints Commission, set up after the Calcutt Committee investigation into privacy to replace the Press Council.

The Home Office is expected to retain its responsibility for issues such as data protection.

- Changes in departmental responsibilities involving the biggest shake-up Whitehall has experienced for many years were announced yesterday, writes Ivor Owen.

They give effect to the proposals in the Conservative party's election manifesto, but no date has yet been set for the transfer of responsibility for oversight and regulation of the financial-services sector and investor protection to the Treasury.

The timing of the change will be announced in a Transfer of Functions Order which is likely to be debated in the Commons.

Responsibility for company investigations will remain with the Serious Fraud Office and the Department of Trade and Industry.

NUM attacks closure of pit in contracting-out dispute

By Juliet Sychrava

BRITISH COAL is to close Markham Main, the South Yorkshire pit troubled by an industrial dispute, the corporation said yesterday.

The announcement came after a two-month dispute between British Coal and the National Union of Mineworkers over the future of the pit at Armthorpe near Doncaster, which employs 700 men.

Mr Arthur Scargill, union president, called yesterday for a national miners' strike in protest at the planned closure.

"I think it's an appalling decision, but not a surprising one," he said on BBC radio.

The dispute started in March, after British Coal announced plans to employ private contractors at the mine. Miners at the pit resisted the move and last month won backing from the Yorkshire area of the NUM, which voted by a narrow majority to stage selective strikes in protest at the introduction of contractors.

Using contractors was part of a plan to improve profitability at Markham Main, which has lost £30m over the past five years. British Coal said the pit had lost a further £1.8m since the dispute began.

British Coal argued that only specialised contractors could do the tunnelling work required to switch from the traditional mining methods to a more advanced system.

The Yorkshire area of the NUM condemned the decision, and was angered by the fact that the corporation's representatives walked out of a meeting with unions immediately after announcing the closure. "The entire meeting, with all its grave consequences for the workforce at Armthorpe, lasted no more than four minutes," said Mr Ken Homer, general secretary of the Yorkshire area.

The closure will leave the Yorkshire area with just 21 pits compared with the 50 it originally once had. Markham Main will be the first pit to close this financial year, while 15 closed in 1991-92.

Terms of gas auction criticised

By Deborah Hargreaves

BRITISH GAS yesterday released details of the gas it will sell to competitors as part of its agreement with the Office of Fair Trading to halve its share of the industrial gas market by 1995.

But rival suppliers expressed their dissatisfaction over the handling of the proposed gas auction and said it could put the creation of a long-term competitive market for gas at risk.

"It will interfere in the market and attract lots of short-term players which could let down their customers once they run out of gas," said Mr Norman Ellis, managing director of Kinetica, an independent gas supplier.

British Gas said it would sell 500m therms of gas in October and was inviting rivals to bid for the quantity of gas they required.

The sale price will be based on the average cost of gas to British Gas as well as a wholesaling margin of 0.25p a therm and an allowance for costs.

Critics of the deal say British Gas should not be allowed to make money from its undertaking to reduce its market share.

Mr Ellis said the gas should be offered to existing participants in the market to help them through an immediate gas shortage in the next couple of years.

The problem for competitors to British Gas is that there is not much gas available in the market until 1995. Most rivals have signed contracts for delivery of gas after that.

British Gas said it would release 400m therms for the year 1993-94, 300m therms the following year and 200m therms in 1995-96. Each applicant for gas will receive a minimum of 10m therms.

Coal sell-off 'may hurt BR freight'

PRIVATISING British Coal could damage prospects for selling British Rail's bulk freight operation, according to Coal UK, a Financial Times newsletter, John Willman writes.

The Queen's Speech next week is expected to include legislation on privatising British coal and BR.

BR privatisation will be achieved in stages, with profitable divisions such as Railfreight and Trainload Freight sold first.

But Coal UK warns that the marketability of Trainload Freight could be threatened if further pits were closed to make British Coal attractive enough for privatisation.

Almost two thirds of Trainload Freight income comes from moving coal to power stations and other user plant. Coal UK predicts that movements could fall by more than half to 35m tonnes by 1995 and a further 10m to 20m tonnes by the end of the decade.

The tonnage shipped by Trainload Freight has already fallen by 20 per cent over the last 10 years as a result of pit closures.

Further closures of around half the remaining pits – just under 50 in number – are likely by the end of the decade if British Coal is to be profitable.

Nuclear Electric to shed 800 more jobs

By David Green

NUCLEAR Electric, the state-owned generator for England and Wales, is to shed a further 800 jobs this year, Mr John Collier, its chairman, said yesterday.

The company now employs 12,600 people after shedding 1,600 jobs in the past two years. Nuclear Electric plans a programme of cost savings by 1998, when it will cease to receive the nuclear levy – a £1bn charge on electricity consumers to compensate for the higher cost of generating power from non-fossil fuels. The EC has ordered the end of the levy on the grounds that it is an unfair subsidy in a free market.

Mr Collier said the number of power stations operated by Nuclear Electric was likely to fall from 12 to between six and eight – all pressurised water reactors – by 2015 or 2020. Sizewell B in Suffolk, Britain's first pressurised water reactor station, is due to be commissioned in 1994. From the mid 1990s Nuclear Electric will begin closing its ageing Magnox reactors.

Mr Collier said he hoped after the government review of nuclear economics in 1994 to be given the go-ahead to build two further stations using the Sizewell B design. He is to meet Mr Tim Eggar, energy minister, next week.

One of the stations would be Sizewell C and the other Hinkley Point C in Somerset. Planning permission has already been obtained for Hinkley pending the outcome of the government review.

Mr Collier expected an agreement by the year 2000 between the UK, France and Germany on the design of an advanced pressurised water reactor.

Underwriters oppose Lloyd's arbitration plan

By Richard Lapper

A PROPOSAL by Lloyd's of London to resolve future disputes between agencies and Names – the individuals whose assets back underwriting at the insurance market – outside the courts is meeting opposition from within the market.

The Lloyd's council – the market's governing body – passed an enabling by-law earlier this week paving the way for the introduction of a mandatory arbitration process.

Lloyd's agreed last year to establish an arbitration scheme for big disputes. But urgency was given to the proposals, which could form part of a scheme to help the market's worst-hit Names, when Mr Alan Lord, chief executive, confirmed on Thursday that the council is investigating a possible plan which would help Names who suffered most from losses in 1989 and 1990.

Mr David Coleridge, the chairman of Lloyd's, has said that moves to help the market's "walking wounded" would need to be accompanied by measures to stem litigation between Names and their agents. More than 2,000 of the market's 22,400 Names are involved in legal actions.

However, a number of leading underwriters – who insure businesses against legal awards for negligence – are opposed to the plan.

Mr Alec Sharp, a leading errors-and-omissions underwriter with syndicate 839, managed by Castle Underwriting, says that if the scheme goes ahead agents would be unable to obtain errors-and-omissions insurance and could be exposed to financial problems.

Lloyd's was "isolating managing agents from the normal insurance protections available to financial institutions. If you have a syndicate that makes a mess of something the entire agency is going to be on the line," said Mr Sharp. "The costs of arbitration had in the past exceeded those spent in the courts." Lloyd's was responding to problems too late, he added. "It is shutting the stable door after the horse has bolted."

Mr Sharp also ruled out any possibility of errors-and-omissions underwriters contributing to a fund which would compensate those Names who forgo their right to seek compensation through the law.

"For anybody to get think that E&O underwriters will get their chequebook out for the benefit of the market is very very naive," Mr Sharp added. "Our reinsurers would not pay up and our Names would sue. It's a vicious circle."

Underwriters and agents are also unhappy about other elements of the efforts to help Names. Some members' agents believe that most Names will refuse to agree to pay an extra levy to finance the losses of other Names. Other agents believe that the council should be doing more to alleviate cashflow problems.

"Lloyd's is burying its head in the sand. We need some mechanism to put up working capital," said the chief executive of one agency, who believes liquidity problems will be aggravated when the scale of 1989 losses – currently estimated at £1.35bn – are revealed.

Soldier killed in IRA bomb attack

THE FIRST SOLDIER to be killed in Ulster this year died in a bomb attack on a security checkpoint near the border of the Irish Republic yesterday. The IRA admitted responsibility.

Fusilier Andrew Grundy, 22, serving with the second battalion, Royal Regiment of Fusiliers, was the third person murdered in the province in the past four days and the 46th this year. Two other soldiers were injured in the explosion on the main Belfast to Dublin road outside Newry, Co Down.

Yesterday's explosion came only hours before the funeral of Philomena Hanna, 26, a Roman Catholic shot dead on Tuesday by loyalist gunmen at a Belfast chemist's shop.

Barclays raises business charges

BARCLAYS BANK is to increase its charges to small and medium-sized businesses by between 6 per cent and 8 per cent from June 1.

Barclays is the fourth main UK bank to raise its tariffs this year, but the first since the announcement of rival takeover bids for Midland Bank. The rises come when small businesses are already concerned that a banking merger will reduce competition.

Small businesses with turnover of less than £100,000 face increases of 6 per cent charges, while companies with sales of more than £100,000 will see charges rise by 7 per cent to 8 per cent.

Watchdog fines broker £45,000

SUCDEN UK, the futures broker, has been fined £45,000 by the Securities and Futures Association, its regulator, for breaching rules on the handling of clients' funds.

However, the SFA accepted that the breaches were unintentional and had not caused any losses. Sucden, part of a large French commodities group, was one of five firms fined last year for rigging the property futures market on the London Futures and Options Exchange (Fox).

Panel member

PROFESSOR ROBERT JACK was yesterday appointed a lay member of the Takeover Panel. Prof Jack, who chaired the review committee on banking services law, is senior partner of McGrigor Donald, solicitors, and professor of mercantile law at Glasgow University.

Spens allowed to re-open fight for an acquittal

By Raymond Hughes, Law Courts Correspondent

LORD SPENS, former corporate finance managing director at Henry Ansbacher, the merchant bank, was yesterday given leave to challenge the refusal to grant him a formal acquittal after the collapse of the second Guinness trial.

A High Court judge granted him leave to seek a judicial review of Mr Justice Henry's refusal to give him a formal not-guilty verdict on the fraud and false accounting charges he had faced, or to order that the £400,000 costs Lord Spens incurred before being granted legal aid should be paid out of public funds.

However, Mr Justice Macpherson said that, while he recognised that Lord Spens felt a sense of injustice and had an arguable case, "I do not wish it to be thought that I believe there is much strength in this case."

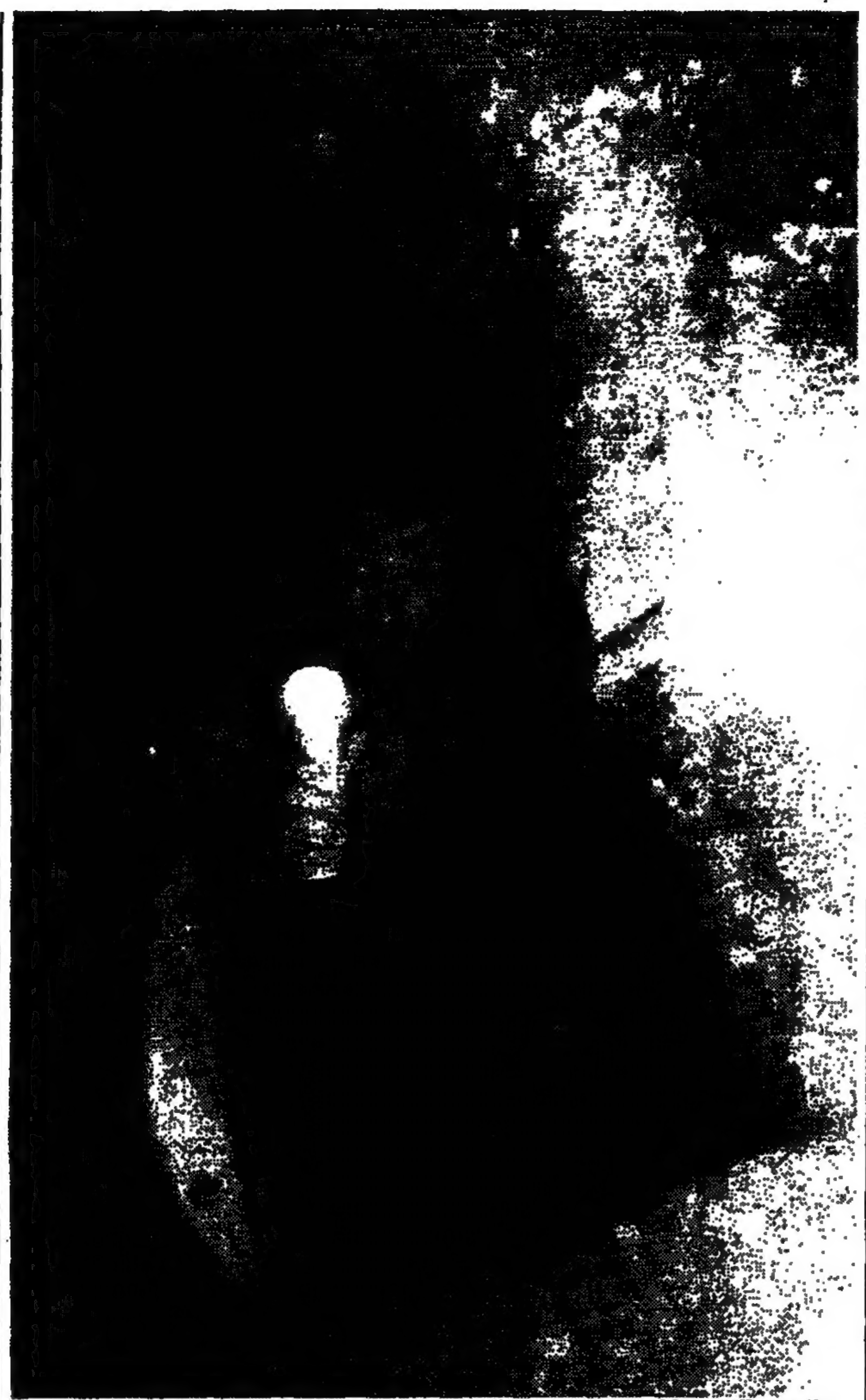
The second Guinness trial was halted in February because of psychiatrists' concern that Lord Spens' co-defendant, Mr Roger Seelig, a former corporate finance director of the merchant bank Morgan Grenfell, could no longer adequately defend himself.

Further prosecution of Mr Seelig was halted by a *nolle prosequi*, a decision which stayed proceedings against him but was not an acquittal.

The Serious Fraud Office decided that in the circumstances, it would not be fair to proceed further against Lord Spens.

In March Mr Justice Henry said that an order staying proceedings against Lord Spens, with the charges left on the file, not to be proceeded with without the court's permission, would put him in the same position as Mr Seelig.

Refusing to grant Lord Spens a costs order, Mr Justice Henry said he had brought the prosecution on himself by not consulting the Takeover Panel when asked by Mr Seelig to recruit share supporters for Guinness under indemnities against loss.



Holed up: Warrant Officer Andrew Brown surveys the damage caused by a 28lb practice bomb during an exercise last month to the aircraft-carrier Ark Royal's mess deck

Jordan talks of single union for engineers

By David Goodhart, Labour Editor

MR BILL Jordan, president of the new merged Amalgamated Engineering and Electrical Union, yesterday raised the prospect of a further merger to create a single union for blue and white-collar workers in the engineering industry.

Speaking after the first executive meeting of the AEEU, formed out of the AEU enegineers and the EETPU electricians, he said that "any rational person" could see that it made sense to talk about common links with MSF, the technical and finance union which organises most white-collar workers in the industry.

Mr Jordan added: "It is not really sensible to talk about this just after the current merger but anyone can see that it makes sense in the longer-term."

The AEEU will set up a white-collar section and seek to compete with the MSF but it is unlikely to have much success.

The AEEU also gave notice that it would be using its new influence to force structural reform of the Trades Union Congress.

Assuming that the old EETPU section of the union is allowed back into the TUC, from which it was expelled in 1988, the joint union will be paying an annual affiliation fee to the TUC of £1.2m.

Mr Gavin Laird, general secretary of the new union, said yesterday: "Quite frankly we don't get value for money." And a senior EETPU official said that some sign of "serious reform" at the TUC would be useful before the members vote on whether the new union should be affiliated or not.

Reformers such as Mr Laird and Mr John Edmonds, leader of the GMB general union, have been arguing that with the advent of the "super-unions" the TUC should radically concentrate its activities into areas like European lobbying, health and safety, and training.

ICI defends record on 'green' issues

By Paul Abrahams

SIR DENYS Henderson, ICI chairman, yesterday defended his company's environmental record at an annual general meeting disrupted by supporters of Greenpeace, the environmental pressure group.

Sir Denys said ICI, the UK's largest producer of chlorofluorocarbons (CFCs) which are blamed for depleting the earth's ozone layer, was committed to phasing out production as quickly as possible.

He told shareholders that the group was encouraging customers to switch to alternatives such as Klea 134a. It had increased CFC recycling facilities, although they were not being used as extensively as had been hoped. And it supported a government initiative to identify the minimum quantity of CFCs required to meet essential UK needs.

Greenpeace opposes the use of Klea 134a, a hydrochlorofluorocarbon, which it argues is also an ozone-depleting gas.

Civil servants are urged to reject deal

By Catherine Milton, Labour Staff

MORE than 1,000 civil servants could get pay rises of about 25 per cent under the terms of an offer made yesterday to middle-ranking staff. The NUCPS civil-service union said it would recommend members to reject the offer, worth 4.5 per cent on the pay bill.

A significant minority of staff would receive only the 4.1 per cent cost-of-living element. Most would receive around 4.4 per cent, including performance-related pay.

The substantial rises for 1,000 civil servants – all executive officers at the bottom of their grades, earning between £7,854 and £8,180 – include compensation for loss of annual increases guaranteed under the current pay structure.

The union will debate whether to call for an industrial action ballot, including strikes, at its conference on May 12.

Benn backs Scargill defiance

By Ivor Owen, Parliamentary Correspondent

MR TONY BENN yesterday joined Mr Arthur Scargill, president of the National Union of Mineworkers, in calling on trade unionists to defy new laws planned by the government.

Mr Benn, a member of Labour's national executive and MP for Chesterfield, ridiculed suggestions that the party could become electable only by severing its links with the union movement. He warned that such a course would result in it disappearing like the Social Democratic Party.

Mr Scargill, insisting that the Labour movement could not passively wait another five years for the end of Conservative rule, said: "Workers have to defy Tory government legislation, and if that lands us in jail so be it."

Mr Scargill forecast that if union leaders did not give a positive response by opposing legislation to impose cooling-off periods and other measures to deter strikes, the workers themselves would "take it into their own hands to take action".

He stressed that he would support "anything and everything" to stop the coal industry being privatised.

Mr Benn, who contended that Labour would have won the election if it had fully backed the campaign against poll tax, said he would support strikes in defence of rights entrenched in the United Nations charter through the International Labour Organisation.

● The revised statutory code of practice on picketing, which seeks to deter unions disciplining any of their members who cross a picket line, took effect yesterday.

Smoke lifts from leadership battlefield

The conduct of the contest offers some pointers to Labour's future, says Ivo Dawnay

THE SMOKE of battle cleared sufficiently over Labour's leadership contest yesterday to allow a quick survey of the terrain over which the 10-week campaign will be fought.

Binoculars, however, may come in handy. Even for Labour activists, the policy differences between Mr Bryan Gould and Mr John Smith are ultimately slight, if interestingly nuanced.

To the public at large – suffering acute political indigestion from one general election and now faced with the May 7 council polls – the whole business is as irrelevant and remote as the next general election.

Yet the narrow parameters of debate are themselves an important factor in the way Labour addresses its future.

The distinctions between soft-left (arguably Mr Gould's label) and old-right (Mr Smith's) are increasingly smudged by eight years of Kinnockite orthodoxy. Furthermore, as one senior official at party headquarters put it yesterday, the days of dream tickets and delicately balanced cabinets have gone.

"In 1983, the Kinnock-Hattersley ticket was essential to build a bridge across a sharply divided party," he said. "Neil's legacy is that no such bridges are necessary any more."

But is that strictly true? A colleague added perceptively that it was unfortunate the rules had not allowed Mr Ken Livingstone to run in the electoral college on July 18. He could have served as a a focal point for the old hard left, some of whom will undoubtedly use the party's autumn conference to blame Labour's fourth successive election defeat on an insufficiently socialist programme.

For Mr Smith's camp, this week was more successful than last, when his faltering opening declaration attracted widespread jibes that "Smithism" represented little more than more of the same.

In his "manifesto" launch on Thursday, the shadow chancellor demonstrated that his Highland hill-climbing had left him sufficiently supple-jointed to straddle part of the Gould agenda as well as a portion of the political centre ground to Labour's right.

By endorsing the goal of full employment – an aspiration of totemic importance to the left – while calling for a deep-rooted re-evaluation of tax policy and universal benefits, Mr Smith broadened his base magisterially. His proposed Commission on Social Justice, open to independent advice and Liberal Democrats alike, also held a door ajar to advocates of a full-blown realignment of the left.

Mr Smith threw a portion of his famous caution to the wind by restating his commitment to a redistributionist tax policy

At the same time, Mr Smith threw a portion of his famous caution to the wind by restating his commitment to a redistributionist tax policy. This time, however, it is sensibly qualified by the notion that this must be limited to what political resources – voters' tolerance - allow.

By taking a harder line on the unions' role in the party, implicitly hinting that the block vote should go, he also stole some of his rival's political clothes.

Mr Gould will need enormous energies to turn the leadership race around. His camp claims strong support in the constituencies and is jubilant at the TGWU general union's refusal to offer Mr Smith a clear commitment, but the odds remain firmly against Mr Gould.

In the deputy leadership race, there is everything to play for. Mr Gould's claim for support will be fuelled by many union general secretaries' fears that a vote for both Mr Smith and Mrs Margaret Beckett looks too much like a stitch-up – an impression that could accelerate the assault on the block vote.

The so-called "sweet-and-sour" Smith-Gould package is already attracting endorsement from leftwingers who believe a little creative friction could generate the imaginative leaps Labour so desperately needs.

But the 64 MPs' nominations for Mr John Prescott, who yesterday won the backing of the New Statesman, indicate that he is by no means an also-ran. Blunt-speaking, blue-collar and Yorkshire are credentials that still carry weight, even in the new model Labour party.

For those still agonising over the election defeat, the danger of the leadership contest is that it postpones a post-mortem that will ultimately be more shallow as a result.

Labour, they argue, should take rapid and dramatic steps to persuade the public that deep-rooted change is under way – yet another policy review is not enough.

SNP will conduct 'referendum' on home rule today

By James Buxton, Scottish Correspondent

AN UNOFFICIAL "referendum" on Scotland's constitutional future is being staged today by the Scottish National party in what it sees as a familiarisation exercise for the full-scale referendum it hopes will be staged next year.

People will be asked to fill in a ballot paper offering a choice between the status quo; independence within the EC, and a devolved parliament. Choices will be numbered under a preferential voting system.

"We want to show how straightforward it will be to let the Scottish people decide their future," said Dr Allan Macartney, SNP vice-president, "and demonstrate the huge level of enthusiasm for the referendum initiative." The party would not claim that the sample was representative.

The SNP is using next Thursday's district council elections to campaign for a referendum. SNP-controlled district councils – Angus in Tayside is currently the only one – will be committed to trying to organise a referendum next year through the local-government machine, but funded from outside sources.

Other opposition parties and Scotland United, a fringe cross-party anti-Tory grouping, also want a referendum.

"Scots have a second chance on May 7 to vote in the light of the general election campaign," Mr Alex Salmond, the SNP leader, said yesterday.

But the SNP's "second chance" approach has been condemned by Mr Paddy Ashdown, the Liberal Democrat leader, who said in Edinburgh on Thursday: "They are basically saying that April 9 was not good enough – 'you gave us the wrong answer, go out there and try again.' I think that is an outrage." Local elections should be about local government, he said.

The SNP has been encouraged by a System Three opinion poll in yesterdays's Herald newspaper showing the party's support on 25 per cent, three points more than its vote in the general election. Labour was down three points on the election outcome at 36 per cent, the Tories were up one point at 26 per cent and the Liberal Democrats cown one at 12 per cent.

Contest for top job may force unions' political links to take cover

By David Goodhart

THE Labour leadership election has accelerated the timetable for reform of the link between the unions and the party, with the argument increasingly between a complete break and a radical scaling down of the union role.

Union leaders have privately been scathing about the way the Labour party has organised the election, and party leaders have been equally critical of the way some union leaders have been publicly toying with their electoral college votes and refusing to ballot their members.

The strained personal relations between Labour leaders and union bosses bodes well for the radical reformers. But the largest group of union leaders – currently embracing the GMB general union, the AEU engineering union and the public-service union NUPE – want to hang on to some institutional link.

Even the most conservative voices in the party and the unions accept that the unions must be removed from the electoral college that will elect the new leader. Mr Bill Morris, leader of the leftwing TGWU general workers' union, does not want to go much further than that and he says that abolishing the block vote at the party conference could be "disastrous". But he, along with the left in the unions, is outnumbered by bolder reformers.

Mr Bill Jordan, president of the AEU, said yesterday that the "block vote has to go". Like Mr John Edmonds at the GMB and Mr Tom Sawyer at NUPE, Mr Jordan wants to keep some formal link but he says it must be one that "prevents the unions dictating policy to the Labour party and a possible Labour government".

The unions operate at several levels in the party – through the block vote at conference, through the electoral college, through seats on the National Executive Committee and reserved places on the policy review bodies, and through influence in local constituency parties.

Quite what leaders such as Mr Jordan and Mr Edmonds do want to hold on to, beyond the excitement of wielding some power in an important political party, is not clear although Mr Edmonds stresses moving the unions' "common-sense" influence on party policy to local level away from the glare of the party conference.

The number of people supporting a complete divorce is quite small and largely restricted to those in the Labour camp, but the argument that union influence could remain strong but indirect – through shared values and through continued financial backing – could gain supporters over the coming months.

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
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Saturday May 2 1992

Blood, sweat and Euro-tears

A FLICKER of a smirk may well have passed across the the face of even the most ardent Germanophile and committed European during the past week. Seeing the political establishment of much admired and increasingly imitated Germany face large-scale public sector strikes reminds one of Britain in the 1970s or France in the late 1960s. But any morbid satisfaction at this apparent humbling of an economic giant is misplaced. A weakened and strife-ridden Germany spells danger for the stability and prosperity of the entire continent.

It would be hard to imagine a more difficult and risky time for the European Community to integrate the entire European continent. But that is what it is attempting to do, by widening the scope of its activities and possibly membership to include eastern Europe and the rest of western Europe and simultaneously by strengthening ties between its current members.

Western Europe could not, of course, choose the timing of the disintegration of the communist bloc. To complain about it, or simply to have ignored it, would have been both churlish and foolhardy. The opportunity to tie eastern Europe into the west had to be taken when it arose, a fact that Germany was quickest to grasp.

The failure of the German political elite was not to move too fast to reunify Germany, but to conceal from the west German public the scale of the necessary sacrifices. When speeches stressing blood, sweat and tears were needed, Mr Helmut Kohl offered only blithe optimism. The subsequent east German economic collapse has been cushioned by massive west German transfers financed by higher taxes and downward pressure on real wages in the west: hence the strikes.

Harsh apprenticeship

Ironically, it is precisely when the weaknesses of Germany's inflexible system are being exposed that the rest of Europe has decided to embrace certain aspects of it on a pan-European scale. The momentum behind transforming a quasi-Germanic monetary system, the European exchange rate mechanism, into Germany writ large, European monetary union, remains too strong to resist. But no one, certainly neither France nor Italy, could have appreciated at the outset quite how harsh their apprenticeship would turn out to be, largely because a period of tight German monetary policy has exported slow growth and high unemployment across Europe.

Yet having come this far, Europe has little option but to persevere. Accelerating the move to monetary union is politically impossible, however much France would like to get its hands on the monetary levers. Germany in its current state is not going to cede control over the D-Mark. The lurking suspicion that Germany will never be happy to do so, whether or not it ratifies the Maastricht treaty, must haunt the dreams of French finance ministers, past and present.

Nor is any government able to advocate a retreat from the Maastricht timetable; and an ERM realignment, however desirable two years ago, would not deliver lower European interest rates. The more likely route to lower rates would be for the ERM to crumble following further rises in German interest rates.

Gritted teeth

More likely, Europe will grit its teeth and bear the pain. Germany will suffer angry complaints from its partners until it puts its fiscal house in order. But the prospect for sharply lower German interest rates this year or even next is still poor.

The "blood, sweat and tears" option is not without grave risks. Slow growth and rising unemployment are nurturing far right parties in both France and Germany; and Italy looks more precariously placed than at any time in its recent history. The task it faces in bringing its fiscal deficit under control to meet the Emu convergence criteria would be daunting enough for the most stable of governments. But with no president, no government and no growth, Italy could be heading for a financial disaster.

The UK appears to offer an oasis of political stability; and, unlike France, it has room for a modest interest rate cut. But the recovery has yet to materialise; and the combination of high real interest rates and heavy household debts means it may well be sluggish when it does.

Sadly, an economically depressed and strife-torn Europe is unlikely to be able to rise to the political challenges it faces in the east. The miserly and protectionist association agreements with Hungary, Poland and Czechoslovakia do not bode well for eastern Europe's future.

The EC, instead, risks retreating further from the liberal and progressive goals it claims to hold dear. The result of last week's machinations over support for Europe's troubled car industry suggests that the EC may be shuffling towards an "industrial policy" of shoring up lame ducks. Continued slow growth will mean a plethora of limping candidates. Many political obituaries of Mrs Edith Cresson labelled her a product of a past age. Keeping her ghost in check may yet turn out to be a substantial task.

Upheaval on the high street

The contest over Midland is just one element of the sweeping changes taking place in British banking, says **Barry Riley**

This week, Lloyds Bank, in publishing its terms for the acquisition of Midland Bank, proposed to disturb the structure of the high street banking industry after almost a quarter of a century of stability.

Time has brought about a curious reversal of the roles. In January 1968 it was the then chairman of Midland, Sir Archibald Forbes, who called around at Lloyds to propose a closer association. He was frostily received. Instead, Lloyds made a bid for Martins Bank, which failed. Midland may now draw some comfort from Lloyds' historical lack of success as a predator: in 1986 its offer for Standard Chartered was also abortive.

The turmoil of 1968 created the industry's present shape. Westminster merged with National Provincial to create NatWest, and Barclays absorbed the then number six bank, Martins, after a grand scheme to wrap Barclays, Lloyds and Martins together fell foul of a Monopolies Commission investigation. Midland, then number two, was the wallflower in all this.

The decline of Midland over many years to its current position as struggling number four is only one of the factors which is triggering the latest shake-up. With profitability under severe pressure from external competition and the wave of bad debts, all the Big Four are cutting staff and rationalising their branch networks. Lloyds is by far the strongest financially, and sees an opportunity to reduce capacity more efficiently by taking over Midland. At the same time, this would block the attempt by an overseas bank, Hongkong and Shanghai Banking Corporation, to buy its way into the inner circle of English clearing banking.

Headlong expansion during the 1980s, when bank deposits and lending soared and the staff numbers employed by the Big Four climbed from 229,000 in 1980 to a peak of 282,000 in 1989, obscured crucial questions about how the introverted management culture of the clearing banks could cope with deregulation. An industry familiar with cartels and official controls was faced with vastly greater competition and risks. In the past two years, as profits have crashed, its leaders have begun to face the consequences.

Top clearing bankers have been plunged into a world for which branch banking left them unprepared

Lloyds has been the sharpest in its response, focusing on its return on capital, and cutting its staff numbers by 3,500 in 1991 alone. It claims that the 20,000 jobs threatened by the Lloyds-Midland merger would only represent the inevitable continuation of this trend. All the banks are now planning to shed many thousands of jobs and hundreds of branches.

Until the 1980s, the banks had been accustomed to operating in a highly restricted environment. Before the Conservatives arrived in 1979, for instance, bank balance sheets were constrained by the so-called "corset" on deposits. Bank profit margins were fattened by the so-called endowment effect of high interest rates related to the double-digit level of inflation.

With deregulation, however, tough competitors appeared and feasted eagerly on the soft underbelly of clearing bank business. The building societies creamed off savings accounts by offering competitive rates, while in corporate banking American and Japanese banks were ready to offer money at very fine rates.

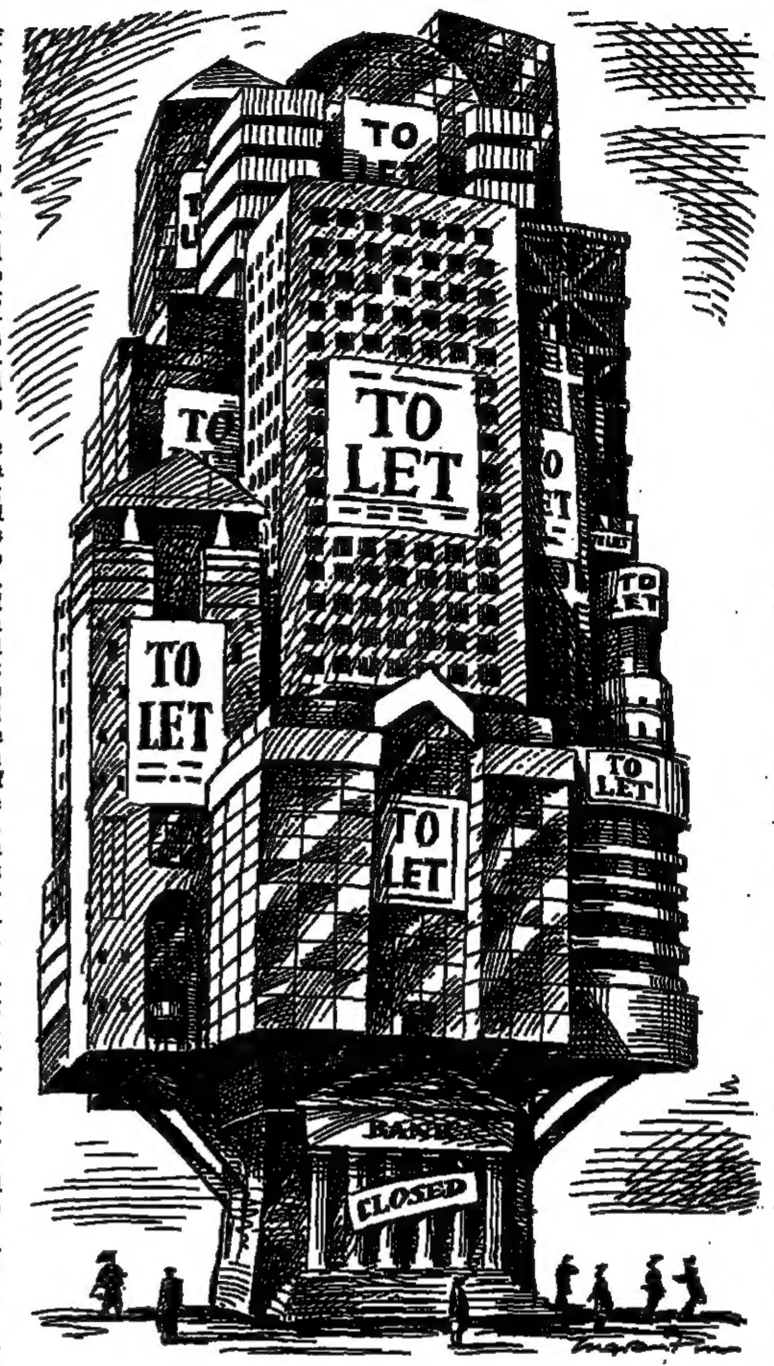
New technology has threatened to change the nature of banking. A proliferation of magnetic cards, hole-in-the-wall machines and telephone banking services has opened new opportunities but has also destroyed tried and tested banking conventions. This process will continue at an accelerating rate and is another reason for the rapid rundown of the branch networks which were once seen as fundamental to the success of retail banks.

The management challenges have been immense. There has been a severe test for the classic clearing banker, who will have joined straight from school at 16, done his banking exams, and progressed up the ladder through the branches. Once, the best of the bunch would have emerged in their fifties into a secure, hierarchical world at head office for a comfortable few years at the top. Instead, in recent years top clearing bankers have been plunged into a world for which they were unprepared by their experience in branch banking – a world of aggressive marketing, leading-edge technology and global acquisitions. In choosing a new chief executive a few weeks ago, NatWest missed a stratum of more traditional contenders for the succession and opted instead for a 44-year-old Cambridge graduate.

Perhaps the biggest single problem for bankers is assessing lending risk in a competitive market place. Bad debts have been climbing for years, and in 1991 the Big Four wrote off an amazing £5.6bn. Banks responded to the new freedoms of the 1980s by scrambling competitively for market share without recognising that the game had changed. They need to develop some new prudential rules.

If the Big Four shrink to the Big Three, does it matter to the public? In most respects not at all, although there may be some minor inconvenience if your favourite local branch puts the shutters up. Retail banking is already highly competitive and most people these days can get all the banking services they need from a building society as well as a bank.

There is one highly sensitive area, however. Small businesses rely on local bank branches and have nowhere else to go. This is the one sector of the market where "relationship banking" is still important. The small businessman needs to build up the confidence of his local bank manager and it is difficult for him to shop around. It is also difficult for new banks to break into the market – as TSB, for instance, would like to do – because they would tend to pick up the most untried, dissatisfied or troublesome customers.



The disappearance of Midland would reduce choice. The risks are probably not serious, but small businessmen are vociferous in protest. The small business lobby is particularly angry at Lloyds, which is seen as having been especially insensitive to push up charges and lending margins last year in the middle of the recession. These business customers argue that they are being made to pay for the mistakes made by the banks elsewhere, especially in their big corporate bad debts. The bankers say, however, that charges have had to go up to make this area of their activity profitable. No doubt the Monopolies Commission, if it is called in, will probe some of these claims. But the row forms part of a general problem in that the clearing banks are being forced to raise and rebalance their charges in order to adjust to competitive pressures and restore profitability. For instance, some banks are now charging £2 to cash cheques for non-customers. The public, which has often had an unrealistic idea of what it should pay for banking services, is offended.

In the past, it was easy for clearing banks to pocket most of their income in the form of largely hidden spreads between lending and borrowing rates. Cross-subsidy then became the name of the game: services ranging from cheque cashing to visits to the bank manager were thrown in for nothing. Competition with non-banks and foreign banks has upset this cosy arrangement, however. Squeezed on their lending margins, clearing banks have been forced to examine costs in detail.

This explains the frequent claim by bankers that Britain is "overbanked", although branch networks were shrinking even during the buoyant 1980s; accountants now study each branch's costs whereas in the past the bankers only really looked at the volume of business which it would generate. Small business accounts are victims of this process. On the other hand, customers with savings accounts are getting a much better deal from the clearing banks than they used to.

Big specialist competitors like Abbey National (now rivalling Lloyds for the title of Britain's most profitable bank) and Halifax Building Society cover the country with only a quarter of the number of branches of the big clearers.

At least competition for corporate business has eased somewhat, now that the Japanese banks have adopted a much lower profile. Corporate lending margins have widened significantly. But the ability of the clearing banks to service the top end of the corporate market has been permanently damaged by the impact of deregulation on the risk profile of the big banks. They have all lost the AAA credit rating they once enjoyed – Barclays was downgraded only last week – and it is now cheaper for top-rank companies to borrow direct from the money markets.

What is banking, anyway? It is a collection of businesses that have been bundled together in the past but today, in different circumstances, are often being profitably segmented. Why should retail banks expect to serve business customers out of the same premises, for instance? And what have the processing skills needed to handle millions of bits of paper got to do with the ability to sell investment plans? Often the glue holding all this together has been the branch network, but the economics of it are now being rethought.

In their drive to cut costs, the clearing banks are looking at radical measures, albeit short of full mergers: for instance, whether they should pool their cheque-clearing facilities.

In a way, it is surprising that the era of the Big Four has survived for as long as 24 years – and if the Hongkong Bank has its way, may last for a while longer still. After all, there is today no equivalent of the Treasury Minute of 1920 which halted the wave of banking mergers up to that point. The Monopolies Commission was far from unanimous in coming down against the Barclays-Lloyds-Martins leviathan in 1968. The Bank of England is officially neutral on mergers, but as the banking industry's statutory regulator it can be expected to be in favour of changes which strengthen banking profitability and remove weak links.

There is much more competition in banking today than there was in 1968. But the clearing banks have too high a profile and have made too many public relations blunders for Lloyds to have an easy ride.

MAN IN THE NEWS: ***Jürgen Möllemann***

Hand that rocked the coalition

The banner headline in Bild Zeitung said it all. "You scheming swine!" it screamed on Thursday morning.

The words were supposed to have been those of Mrs Irmgard Schwaetzer, the luckless woman who for one brief day was set to become Germany's foreign minister, before her nomination was overturned in a palace coup inside her own Free Democratic Party (FDP).

The target of her purported rage was Mr Jürgen Möllemann, her close colleague as economics minister, her rival as future leader of the party, and the man she considered most to have betrayed her.

Mrs Schwaetzer has since insisted that she never used the words but few in Bonn would be surprised that she may have been sorely tempted. In this political hothouse, where conspiracy theorists abound, many believe that the hand of an arch-conspirator like Mr Möllemann was behind the apparent chaos which overtook Germany's ruling coalition during the past week. The other "old fox" who few believe was blameless was Mr Hans-Dietrich Genscher himself, the man who started the whole crisis by announcing his sudden resignation as foreign minister on Monday.

Most members of the government and the ruling establishment have done badly from the confusion. Chancellor Helmut Kohl is seen again as a weak leader, unable to impose his will on unstable coalition partners; Mr Otto Lambsdorff, leader of the FDP, is under pressure to resign for failing to control his party; Mr Theo Waigel, the finance minister and leader of the Christian Social Union, the third partner in the coalition, was simply irrelevant to the whole affair, stuck in Washington at the International Monetary Fund.

Mr Möllemann, however, has come out of it with the extra title of vice-chancellor, and nicely placed, it would appear, to take over the party leadership from Mr Lambsdorff whenever he goes. His only serious rival will be Mr Klaus Kinkel, the new foreign minister.

It was typical of Mr Möllemann that his latest political initiative, a new move for drastic budget cuts to curb the swelling public sector deficit, should have leaked out at precisely the same moment. In it he hinted strongly at the weak leadership of the chancellor, implied that Mr Waigel had got his figures wrong, and moved swiftly himself to occupy the moral high ground, calling not least for cuts in (western) social spending.

Mr Möllemann is a strange mixture: a notorious self-publicist, dapper and glib, who models himself on Mr Genscher, his mentor, and yet has failed to achieve the same popularity. When he was appointed economics minister in January, 1991, the business sector audibly groaned. Since then he has demonstrated a knack for choosing the right issues, showing no fear of confrontation with his colleagues, and thus remaining well in front of the political game.

He is still not taken entirely seriously in the Bonn establishment as a copper-bottomed politician, and yet he has risen inexorably through the ranks. Aged 47 (born two months after the end of the war), he trained as a teacher, served his call-up as a parachutist (a bit of machismo repeated in every curriculum vitae), and swiftly became a member of the Bundestag in 1972 at the age of 27.

It was 1982 before he was brought into government by Mr Genscher, as his deputy at the Foreign Office. In 1987 he got his own ministry, Culture and Science, and in 1991 – against the opposition, not least, of Mr Lambsdorff – seized the Economics Ministry, the FDP's second most important portfolio.

In the short time he has been there, he has succeeded in revitalising a moribund department, grabbing the headlines, and forcing its views on the rest of the government. His civil servants, who regarded his arrival with trepidation, now credit him with a laudable capacity to read his briefs, master the issues and, if he must, exploit them for personal publicity.

Thus he plunged in first with Aufschwung Ost – Upswing East – the DM12bn (£4bn) programme to pump desperately needed extra cash into east Germany. Then he turned round and demanded drastic budget cuts in the west – DM10bn off government subsidies or he would resign – to keep the budget deficit under control.

He has also long been the most outspoken member of the government in insisting that a stern line must be held against excessive wage awards – a "four before the comma", or less than 5 per cent, was his slogan long before Mr Kohl and the rest took it up.

Yet the PR is often more impressive than the outcome. The DM10bn in subsidy cuts was watered down drastically in the German Bundestag, and Mr Möllemann never resigned. A much vaunted breakthrough on the Gatt negotiations – when he thought he had turned round the German cabinet, and outmanoeuvred the agriculture minister, Mr Ignaz Kiechle, to throw full German support behind a deal in the Gatt negotiations – has failed to push Mr Kohl far enough to deliver a deal.

He is still not that popular with the business community. "He is too much of a schoolmaster," according to one Bonn-based lobbyist. "He is too theoretical and inflexible." Thus he is seen as responsible for Germany's draconian export controls, including the proposal for customs officers to tap telephones, outraging businessmen and libertarians.

He is a risk-taker to the end. The question is whether this week he achieved his breakthrough to the big time, or whether he overstepped himself. Mrs Schwaetzer was bitter because he urged her to go for the Genscher job, and leave the way open for his claim to the party leadership. Yet when the party revolted, he switched sides, and voted for Mr Kinkel.

It is Mr Kinkel who may yet prove his undoing. For the new foreign minister is tough and practical, and his job will give him lots of publicity. He does not feel bound to abstain from the contest for party leadership next year, as Mrs Schwaetzer did. So Mr Möllemann may yet be pipped at the post. It would not be for want of trying.

Quentin Peel

Michael Prowse explains why America's racial tensions are at snapping point

Wounds run deep

I recently visited Monticello, Thomas Jefferson's mountainside home in Charlottesville, Virginia. The graceful villa commands fine views over rolling countryside and seems the perfect shrine for a statesman steeped in the liberal values of the 18th century Enlightenment.

Reading the glossy brochure for visitors, however, I came across the curious word "dependencies". Every plantation, it said, needed "dependencies to provide the many services required for the operation of the house and farm". The word, of course, is a euphemism for slaves: even today Americans recoil from the thought that Jefferson, the man who declared all men equal, lived in such glorious style only because he owned scores of slaves.

The US has come a long way since Jefferson's day. But the hypocrisy of America's founding fathers has many echoes in modern society. The nation's laws proclaim the equality of the races, but every economic and social indicator points to continuing inequality. For America's black community, the acquittal by an all-white jury of the white policemen in the Rodney King trial is just the latest proof that the "system" is rigged. Nobody believes that a jury would have reached the same verdict had Mr King been white.

In trying to understand continuing racial tension, it is crucial to recall that serious attempts to address black grievances are extremely recent. The Civil War of 1861-65 ended official slavery, but blacks remained effectively subjugated in the south for another century. It is astonishing to think that as recently as the early 1960s, during the presidency of John F Kennedy, blacks in the south faced South African-style apartheid.

Many of the parents of the Los Angeles rioters will vividly remember the days when southern blacks were prevented from voting, obliged to eat at segregated lunch counters and forced to sit at the back of buses. In parts of the US, therefore, this is the first generation of blacks to enjoy the basic civil rights long taken for granted elsewhere in the civilised world.

Blacks have made economic and social progress since riots shook US cities in the late 1960s. The most encouraging sign is the emergence of a black middle class. The War on Poverty launched by President Lyndon Johnson helped enormously – not because Great Society social programmes worked particularly well but because they involved a huge expansion of federal and state government payrolls. Blacks gained many of the new white-collar positions, thus entering the middle class.

In the private sector, blacks have made less progress. They represent 12 per cent of the population but account for only 3 per cent of physicians and lawyers. Nearly a quarter of buses, however, are driven by blacks.

The relative success of a minority of blacks, moreover, masks daunting problems for the majority. The median household income of blacks is still only about 60 per cent that of whites – almost exactly the same ratio as in 1967. The proportion below the official poverty line has fallen from about 42 per cent to 32 per cent, but this is still nearly three times the white poverty rate.

The relative success of a minority of blacks masks daunting problems for the majority

Economic deprivation on its own might be manageable. But despondency about the condition of black America reflects a growing awareness that blacks form the core of nearly every social problem.

Take the issue of family breakdown. Some 56 per cent of black families are headed by single women, three times the ratio for whites.

The figures on crime are no less gloomy. Blacks account for 45 per cent of the total prison population – four times the ratio suggested by their relative share of the population. They account for 43 per cent of arrests for rape, 55 per cent of solved murders and 69 per cent of reported robberies. More young blacks are in jail or on parole or probation than in college.

These crime figures perhaps help explain why the white suburban jury in the Rodney King case decided that any level of violence by the police is justified. Middle class whites long ago fled the cities for the suburbs. But obsessional concern for personal security continues to rule the lives of many affluent whites, who appear oblivious to the fact that the bulk of crime is black on black.

The perplexing problem is how to move forward. In a recent Washington Post poll, 85 per cent of blacks and 79 per cent of whites rejected the view that discrimination against blacks was no longer a problem. Liberals respond by demanding that greater efforts be made to "atone" for the original sin of slavery. They strongly support affirmative action programmes which encourage colleges and companies to take blacks even when better qualified whites have applied.

Some middle class blacks, however, have begun to challenge the wisdom of such policies. An eloquent exposition of the new conservatism is given in The Character of Our Race, a recent collection of essays by Mr Shelby Steele, a black literature professor. Mr Steele's life history parallels that of Supreme Court Justice Clarence Thomas. Like Thomas, he overcame extreme deprivation, achieved academic and professional success and then found himself estranged from his own race.

His argument is that the civil rights movement of the 1960s was essential in its day: without confrontation, blacks might never have achieved full civil liberties. However, aggressive "we are not treated properly" attitudes are no longer appropriate, because they solidify blacks in their historical role as victim. In the view of Mr Steele and other black conservatives, most formal obstacles to black advancement have been removed: The main problem now is blacks' own lack of faith in themselves. They must thus accept more personal responsibility for their own advancement and stop relying on collective action by pressure groups.

There is some truth in his message, harsh though it will sound to most ears. One of the striking findings of sociologists is that most blacks do not believe the "American dream" applies to them. In schools black children who study hard are jeered at by their peers for "acting white". Perversely, it seems that you can prove yourself in many poor black neighbourhoods only by failing.

In the meantime, the public sector could be far less passive. It would make sense to pursue policies that favour not a particular race but compensate for big and growing differences in income and wealth. The most effective policy for influencing life chances is education. In a nation that purports to provide equal educational opportunities for all, it is indefensible that the funding of schools should be so heavily dependent on the wealth of particular neighbourhoods.

Violence in response to what appears a travesty of justice cannot be justified. But the fires in Los Angeles must be seen, at least in part, as a reproach to mainstream America. President George Bush talks of a kinder, gentler America, but the truth is that the nation has yet to heal wounds that date from the earliest days of the republic.


Bloody protest: police detain a man in Atlanta

Gilts stage a glittering performance

Anthony Harris on why UK government securities have returned to favour with investors

The issue of a further £1bn of gilt edged tap stocks yesterday, only a few trading hours after a successful auction of £2½bn of 25-years stocks, completes a spectacular fortnight in this often unexciting market.

Less than three weeks ago commentators were moaning that British economic policy might be hobbled by the near-impossible task of funding some £28bn of government borrowing in the next year. But in the weeks since the April 9 the funding job is a quarter done, 20 year yields have fallen by nearly a full point and the Bank of England has become confident enough to hint last night that short-term rates could fall, too.

The immediate cause of this surge is obvious: dealers were not expecting an outright Conservative election victory, and the whole market is celebrating. But there is much more to it than that.

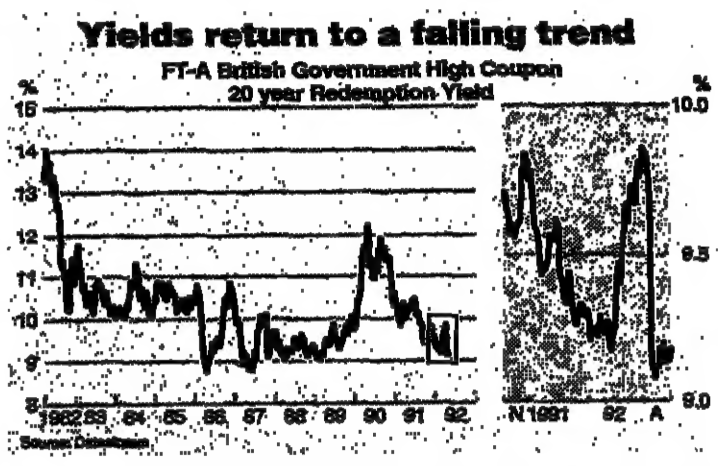
Though it is the equity market which has reached new peaks, while gilts have merely returned to a strong trend which was momentarily shaken by election panic, it is the fixed interest market which has attracted the big net flows of new investment funds.

Any analyst who had even a month ago forecast a gilts boom at a time when government borrowing was seen as slipping out of control would have been told to take a holiday. The international flight into sterling since the election also stands traditional wisdom on its head, and these are only partly responses to the election result.

Foreign bond investors had run down their sterling holdings to historically low levels ahead of polling day, which largely explains the strength of the benchmark ten-year bond – this is the maturity which foreign funds prefer. City traders report stronger overseas buying than they can ever remember, and from all quarters, with especially strong Japanese and German demand. This does not explain, though, why British institutions snapped up the new £2½bn 25-year stock – too long-dated for Continental tastes, thus demonstrating a commitment which shows long-term confidence in bonds.

There are two principal and seemingly durable changes in market psychology at work. Foreign ratings of Britain in the international stability league have risen not by a step but by a floor or two. This is partly because Mr Major's standing has risen abroad as well as at home; but he should not let this undermine his usual modesty. It is much more a measure of deepening political and economic worry in all the other major markets: mainly political in France and the US, both political and economic in Germany, and both, in Japan (and Italy).

At the same time, fashion has been changing among British fund managers, reflected in the steady fall in ten-year yields which set in long before the elections here, or the troubles abroad.



The view that bonds are attractive because inflation is largely conquered, but that strong recovery is still some way off, has become known as the Norwich Union view. It is still controversial, and vocally opposed by some equity houses; but more and more funds are beginning to restore some of the gilt weighting they used to carry before the inflationary disasters of the 1970s. Some institutions have bought gilts rather as half-believers go to church. They do not believe the full Norwich gospel but they feel it is as well to take out some insurance. And remember the running yield.

There are two obstinate survivors of the recent conventional wisdom which prevent a full return to that of thirty years ago. The first, which could limit the rise in gilts, is the belief that real men don't buy bonds. They may rise, certainly; but anything which is good for bonds is so good for equities that gilts are for milksops. However, British institutional weightings in fixed interest securities are so low by world standards that there is plenty of room even for macho fund managers to move back a bit.

The more threatening survivor is the belief that however bad things may look in Germany, the Bundesbank will get it right in the long run; while however good they look in Britain, the government of the day will mess it up. (It sometimes looks as if those who operate British monetary policy share this pessimistic creed – though happily not this weekend.) As long as this view lingers, it will be impossible for British short rates to fall below German rates without undermining the pound; and since Germany's problems look real and formidable, this is sad news for the depressed UK economy.

The Bank of England now seems at least willing to test the market for ever-narrower sterling-D-Mark interest differentials. But the professional view in the money markets is that it will still take months, and possibly years, for foreign holders to accept the idea that if they want to hold a sound, stable currency like sterling rather than the risk-prone mark, they must be ready to lose some income.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

The harder facts of life in Germany

From Ms Alison Bailey.

Sir, A 20 per cent increase in the price of an ice cream cone is bad enough (Observer, April 27). But even worse are the average 10 per cent increases on everyday items such as bread, newspapers and magazines, fruit (up to 100 per cent dearer this year!) plus ever-increasing rents, charges for water and refuse collection, etc, etc, etc.

These are the facts of life in Germany which are leading to increased "militancy" among ordinary workers. There have been several demands for a "zero round" – ie no wage increases – this year. But most people already suffered a "zero round" last year: the so-called "solidarity surcharge" of 7.5 per cent of normal income tax deductions (as if it was voluntary!) meant that many people had no net wage increase last year.

People here are angry. The Bonn government lied when it said reunification would not result in higher taxes; and admitted the real, huge additional financial burden only after the federal elections were over. Meanwhile, it is insisting on going ahead with insane projects such as the Jaeger 90 fighter aircraft; the political parties are "helping themselves" to enormous sums from public funds; there have been various attempts to increase politicians' pension rights to astronomical levels; German industry is making huge profits, but failing to invest in the eastern states; and the ordinary people are being accused of greed and asked to pay for the mess! Inflation rate 4.8 per cent? Tell it to your Tante.

Alison Bailey,
Lange Reihe 47,
D-2000 Hamburg 1,
Germany

Two Tory beats at the heart of Europe

From Mr Anthony Kinch.

Sir, Your headline read "PM rejects European super state" (April 29).

Doesn't any one think it in the least odd that while Mr Major, the prime minister, and Mr Douglas Hurd, the foreign secretary, continue to reject a United States of Europe in the federal mould, Tory members of the European parliament are, apparently, individually joining the Christian Democrats, the European peoples party?

The objects of this people's party (EPP) include pursuing "the process of federal unification and integration in Europe and ... the realisation of United States of Europe".

Odder still that the EPP expects them to stand as Christian Democrats at the next European elections in 1994.

The EPP claims to be "The Heart of Europe". That is where Mr Major says he wants to be. Coincidence? Or is the Tory party about to change its name?

Anthony Kinch,
36 Greenways,
Beckenham,
Kent BR3 3NG

Promoting women

From T Cordrey.

Sir, It is encouraging to read about British industry's moves to promote women in the workforce ("An opportunity not to be missed", April 27). But I wonder how much of this is hot air.

Unfortunately, Opportunity 2000 gives huge companies, with well-oiled public relations machinery, the chance to churn out positive statements. But while talk of company "reviews", "examinations of policy" and "increased awareness" may sound impressive, is anything really being done?

Obviously some companies are taking the issue seriously – but others are not and have a very arrogant attitude to promoting women. I feel this was demonstrated by your quote from BT which, pointing to a cultural change within the company, said its female staff "are slowly stopping behaving like surrogate men".

I suggest this reveals the true BT. It is dismissing women who have already struggled on BT's promotion ladder, and is blaming those women's lack of success on their attitudes rather than those within the BT hierarchy.

T Cordrey,
Dalberg Road,
London SW2

Not aiming to beat the index

From Mr Colin Day.

Sir, You carried a small news story, "Investment performance" (April 29) which regurgitated performance details from institutional managers gathered by Equity International.

It should come as no surprise to a newspaper of your standing that institutional managers did not out-perform the FT Actuaries All Share Index last year. The principal reason for this was that we were not investing to beat that index.

Pension funds are correctly and wisely broadly diversified with investment in many parts of the world.

Over the long term, this is expected to reduce risk and enhance performance. We do not put all our eggs in one basket and I am most surprised that you then expect us to beat that basket.

Colin Day,
Henderson Pension Fund Management,
3 Finsbury Avenue,
London EC2M 2PA

Revealing the Globe

From Mr Sam Wanamaker.

Sir, Gerald Cadogan is to be congratulated for his report, "Theatres in old London" (April 25), when he heartily recommends that Mr David Mellor, our new heritage minister, take an interest in making more of the remains of the original Globe Playhouse.

Not only should the minister take active steps to reveal more of the site to provide greater archaeological research but he, and all others concerned, should plan for future public access and, thus, put in place for common appreciation yet another piece of the English language's cultural jigsaw.

And what a fine complement it would be to the rebuilt but authentic Globe, just a few yards away.

Sam Wanamaker,
The International Shakespeare Globe Centre,
Bear Gardens,
Bankside,
London SE1 9EB

Co-op Bank policy not prescriptive

From Ms Frances Walker.

Sir, The Co-operative Bank's ethical policy is not prescriptive.

We are offering customers two new rights:
- the right to know how their money is being used, and
- the right to express a view on how that money should be invested.

All free societies offer individuals the right to choose their own ethics within the law. The Co-operative Bank is describing its ethics utilising customer funds.

Frances Walker,
consultant to
the Co-operative Bank,
2 Ridgmount Street,
London WC1E 7AA

A route to raising Lloyd's efficiency and giving Names a better deal

From Miss Alpa Raja.

Sir, As an undergraduate at City of London Polytechnic, I took on the task as part of my third-year thesis of doing an analysis of the problems Lloyd's of London insurance market is facing. I concluded that the following recommendations might be feasible:

- 100 per cent is too high for stop loss; the limit should be two-thirds of overall premium limit;
- A diversification rule should be made compulsory of a limit of 10 per cent on each syndicate to limit large losses;
- Profit-related pay for underwriters should be introduced in an attempt to cut costs;
- Efficiency of markets can be achieved through consolidation of syndicate agencies;
- Corporate Names should be encouraged. These would give the existing Names the option to participate with limited liability in companies that have analysts who can advise on the best syndicates. This would undoubtedly improve profitability for Names;
- Lloyd's should be regulated by the Department of Trade and Industry and NOT be self-regulated. This would sustain public assurance and attract more potential names;
- Computer technology must be introduced in the market-place, with brokers and underwriters transmitting business via screens. Specialist business could continue on a face-to-face basis. Labour costs would be reduced drastically;
- Two-year, rather than three-year accounting should be introduced to make the system more efficient;
- The position of Names should be improved; ie they should have more access to syndicate information through regular circulars;
- Lloyd's must ensure there is a reasonable spread of internal and external names on all syndicates whereby ALL syndicates must have a maximum 30 per cent of internal names;
- The Council of Lloyd's should consist of an 80 per cent majority of external representatives, acting totally independently since the present situation proves to be too cosy.

I am sure such recommendations will be warmly received by those Names who have suffered heavy losses.

Alpa Raja,
City of London Polytechnic,
Moorgate, London EC2M 6SQ

The Bank is left on the sideline as two suitors make secret approaches

BRITISH clearing banks are no longer a species protected by the Bank of England. To be more precise, they cannot rely on the Bank to protect them from a takeover, although the Bank will intervene in a bank's affairs if there is a threat to its depositors' interests.

This is one lesson from the remarkable story of the secret negotiations between Midland Bank and Lloyds Bank and between Midland and Hongkong Bank, which took place between December last year and March. These negotiations culminated last week in Lloyds' announcement that it was proposing to pay £3.6bn to acquire Midland, as a challenge to a formal £3.3bn bid made a fortnight earlier by Hongkong Bank.

Midland published part of this story in a letter sent to its shareholders yesterday. The Financial Times has pieced together the rest of the narrative from interviews with bankers involved in the talks.

Lloyds had been doing research on the logic of buying Midland since early last year. However, it did not tell Midland it was interested in buying it until the end of November.

Detailed discussions on a possible deal then started immediately between Mr Brian Pitman, chief executive of Lloyds and architect of the takeover plan, and Mr Brian Pearse, Midland's chief executive.

Mr Pearse and Mr Pitman are both lifetime career bankers, with more than 80 years experience of the industry between them. Mr Pearse, at 58, is two years younger than Mr Pitman.

Though they are involved in the first takeover battle between two English clearers, their careers are a paradigm of the British banking tradition. They became bank clerks straight from school, stayed loyal to their employers for decades and gradually rose through the ranks.

They are both strong-willed individuals and tough negotiators. Their main financial advisers are also renowned in the City for being extremely determined. Mr Pitman is being helped by Mr Andrew Tuckey, the chairman of merchant bank Baring Brothers Mr Derek Higgs, a managing director at merchant bank SG Warburg and dubbed by competitors as the "bruiser", is Mr Pearse's aide.

Mr Pearse was disappointed that Lloyds had made the approach. In the previous March, he had moved banks for the first and only time in his career. The Bank of England had asked him to leave Barclays, where he had been finance director, to become chief executive of Midland, which was then at the low point of its fortunes.

THE BATTLE FOR MIDLAND

Sir Kit McMahon, Midland's then chairman, had hoped to merge his bank with the Hongkong Bank. But the deal had not materialised at the end of 1990, as had been hoped. At the same time, a collapse in Midland's profits forced it to become the first clearer since the 1930's to cut its dividend.

The Bank felt it would be sensible for Sir Kit to retire early. Mr Pearse took on his executive duties and Sir Peter Walters, former chairman of BP, became Midland's chairman.

Mr Pearse had hoped to do the job for at least two years. By the end of 1991 he had become convinced that measures taken to boost productivity were paying off and that it had a future as an independent organisation.

Mr Pearse felt it was "slightly odd" – as he now says – that Lloyds should have made its approach. The day after Lloyds made contact, he went to see Mr Eddie George, deputy governor of the Bank of England.

Mr George said he was powerless to intervene. The competition authorities might question whether it was in the public interest for two big banks to combine. But this was not an issue to be considered by the Bank.

There was no suggestion that depositors' funds would be at risk as a result of a link-up between the two. Mr George said the Bank could not interfere in a question which was more properly the concern of both banks' shareholders.

Lloyds wanted access to Midland's detailed accounts, to carry out a process known as "due diligence" to assess what it should offer to acquire Midland's shares. However, Midland felt it would be premature to give this information to a competitor.

Instead, Mr Pearse said Lloyds would have to wait until after its financial results were published, on February 27, before making its offer. Negotiations on the structure of the deal continued, with Mr Pearse finding time for very little else. At the end of the year it was agreed that Lloyds would make a formal bid proposal to Midland's board of directors at a meeting fixed for March 13.

In the meantime, Mr Pearse had to face the delicate task of informing Hongkong Bank what was going on. Since the end of 1987, Hongkong Bank has owned just under 15 per cent of Midland's shares and it has two of its own directors on the Midland Board, including Mr William Purves, Hongkong Bank's chairman.

In mid-January, Mr Pearse told Mr Purves that it had received a takeover approach, though he did not mention that the potential bidder was Lloyds. He told him so that Hongkong Bank could decide whether it wanted to sell its stake or revive its takeover plans.

Lloyds had been doing research on the logic of buying Midland since early last year. However, it did not tell Midland it was interested in buying it until the end of November.

In early February, Hongkong Bank said it did not want to sell its shares. Mr Purves said he would be interested in a takeover, but detailed discussions could not take place until after its financial results were published on March 10.

Midland slotted Hongkong Bank into the same negotiating timetable as Lloyds. Hongkong Bank was also told it would have to make its formal proposal to the Midland board on March 13.

At the same time, Midland informed Lloyds it had a rival suitor. Both Lloyds and Hongkong Bank were able to deduce the identity of their challenger.

Midland asked both of them to give a commitment that if Midland's board did not opt for their bid that they would not make a hostile takeover attempt. Lloyds listened but did not give any response to this request.

Then in early March came a display of brinkmanship by Lloyds. On Sunday March 1, Mr Pitman hinted to Mr Pearse that it might make an announcement that it was in takeover talks with Midland.

However, it was only the following evening that Lloyds told Midland it was definitely going to make an announcement and that this would be made at 8am the following day. Lloyds had even made arrangements for its chairman, Sir Jeremy Morse, to be interviewed by the BBC Today Programme using its radio car.

Then at 9pm Mr Pitman rang Mr Pearse. Lloyds' reason for making the announcement, Mr Pitman said, was that it was concerned there might be a leak, since so many bankers and their advisers knew what was going on.

Mr Pearse was not happy. He was concerned that the disclosure would be very unsettling to the banks' customers and its employees. That would be a price worth paying if Lloyds was making a firm bid which stood a good chance of success.

But at that stage, all Lloyds would have said was that it was interested in bidding. It would not have put a price on Midland's shares. Nor was there was much indication about whether the competition authorities would have allowed the takeover to take place.

Mr Pearse did not know whether Lloyds was planning to say what role he would have in the combined business at the press conference it was organising for the following day. But he pointed out to Mr Pitman that there was a clause in his contract with Midland that allowed him to quit, giving just six months notice, if control of Midland changed hands.

Mr Pearse then spent a frantic two hours telephoning Midland's directors to tell them that the announcement was imminent. He then went to a small appartment in the City owned by Midland for directors' use. There he telephone Mr George, to tell him what was coming.

However, Mr George was ahead of him. He informed Mr Pearse that Lloyds had changed its mind about making the announcement. Mr Pearse had to telephone all his fellow directors again.

Banking sources say that the Bank of England put no pressure on Lloyds to change its mind on making the announcement. Although the Bank may have shared Midland's anxiety that an announcement by Lloyds at this stage was not playing by Marquess of Queensbury rules, it did not feel it could intervene.

However, Mr Pitman interpreted Mr Pearse's statement about his contract as a direct threat to resign – and he felt that would be damaging to his bank's chances of success. He therefore cancelled the announcement and agreed to adhere to the original negotiating schedule.

Both banks continued to work on the detailed proposals which they would put to Midland's board on Friday March 13. At the same time, Mr Pearse, with the help of the accountants Price Waterhouse and his finance director, Mr Richard Delbridge, was preparing a separate presentation on the merits of Midland remaining independent.

The fateful Friday morning arrived and Midland's directors gathered for the meeting. However, they did not meet at the bank's distinguished Lutyens-designed headquarters at Poultry in the City. To pre-empt rumours which would inevitably be stimulated by the arrival at Poultry of Sir Jeremy Morse, Lloyds' chairman, and Mr Pitman, they went to Warburg's offices.

Lloyds said it would be prepared to offer one of its shares, then worth 400p, for each Midland share (its subsequent proposal is to offer one share plus 30p). The commercial rationale for the deal was to cut costs by closing 1,100 of the combined banks' branches. Lloyds expected that at least as many of its branches would be closed as Midlands' – possibly more.

Mr Pitman also also said that Midland's directors would be given the lion's share of the top jobs in the combined business. Mr Pitman would be chief executive. But Sir Peter Walters would be the chairman. Mr Pearse would be deputy chief executive, in line probably to succeed Mr Pitman. Mr Delbridge would be finance director and Mr Brian Goldthorpe, Midland's deputy chief executive, would be in charge of the corporate banking department.

For the presentation by Hongkong Bank, the Midland directors returned to Poultry. Mr Purves is a regular visitor to Midland, so his presence at the headquarters that day would not have aroused outsiders's suspicions.

He offered one share and 80p of loan stock for each Midland share (in its later published offer, it proposed one share and 100p of loan stock). At the time, that was worth slightly more than the Lloyds' offer at 410p, but the difference was not great enough to be the determining factor in Lloyds' board's choice.

There was a third presentation, by Mr Delbridge, on the merits of Midland remaining independent. The Price Waterhouse study concluded that there was no doubt about Midland's ability to survive and prosper on its own. But shareholders could not expect their shares to yield a return – in the form of a share price rise and dividends – equal to what Hongkong Bank and Lloyds were offering for some considerable time, perhaps two years. So Midland's board felt they could not vote for independence.

In the end, they plumped for Hongkong Bank for two reasons. They preferred Hongkong Bank's promise to invest in the business and expand it. But they were also concerned that Lloyds' takeover would be blocked by the Monopolies and Mergers Commission, the UK competition authority. They had taken advice on this issue from a leading barrister, an economist and from other legal advisers.

At 6pm the Midland board returned to Warburgs and delivered the news to a disappointed Mr Pitman. Sir Jeremy was not present.

The secret war was now over. On March 17 Midland and Hongkong Bank announced their nuptials. Last Tuesday Lloyds said it wanted to break up the engagement and carry off Midland itself. Battle had commenced.

Robert Peston

Brian Pearse, (top), Eddie George, (left), and Brian Pitman: telephone calls about timing

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	95	87	Amicable Smaller	95	+½	N3.1	–	4.4	–
–	F.P.	–	29	27	Do. Warrants	29		–	–	–	–
–	F.P.	–	413	376	Bodycote Intl. (RFD)	412	+3	8.75	3.0	2.8	15.1
–	F.P.	–	4	2	Brent Walker Wts to Sub.	4		–	–	–	–
125	F.P.	–	135	111	Brit. Data Management	129		R4.0	2.7	4.1	11.3
–	F.P.	–	36	20	♦CRP Leisure	20		–	–	–	–
–	F.P.	–	106	93	CU Environmental	105		–	–	–	–
–	F.P.	–	29	20	Do. Warrants	29		–	–	–	–
†	F.P.	–	96	56	Capital Industries 1p	96	+12	2.0	–	2.8	–
70	F.P.	–	72	63	Fleming Inc & Cap Tst Inc	70		F4.73	–	9.0	–
100	F.P.	–	107	94	Do. Units	106	+½	F4.73	–	5.9	–
30	F.P.	–	35½	30½	Do. Zero Div. Pf.	35	+½	–	–	–	–
110	F.P.	–	161	119	Forth Ports	158	-2	W5.5	3.6	4.6	8.0
£10½	F.P.	–	£12¼	£10½	Latin Am Inc & Appr. 1c	£10½		–	–	–	–
–	F.P.	–	39½	34½	M & G Recovery Inc.	39½		F3.75	–	12.7	–
–	F.P.	–	22	12½	Do. Capital	21½		–	–	–	–
–	F.P.	–	60	46½	Do. General Units	60	+½	F3.75	–	8.3	–
–	F.P.	–	112	98	Do. Package Units	112	+1	F5.75	–	4.5	–
–	F.P.	–	11	¼	Multitrust Warrants	11		–	–	–	–
–	F.P.	–	4½	4	Platignum A	4½		–	–	–	–
115	F.P.	–	139	121	Rosebys	138		14.3	1.7	4.2	15.9
100	F.P.	–	102	98	Templeton Emrg. Mkts. C.	102	+1	–	–	–	–
585	F.P.	–	662	620	Waste Management Intl.	630		–	–	–	–
–	F.P.	–	24½	22½	Welsac (RFD)	24½		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+or-
100p	F.P.	-	103¼p	97¼p	Bank of Ireland Units Non-Cum Prf A	103¼p	+1
-	F.P.	-	15p	8p	Brent Walker Var Rte 2nd Prf '00/07	13p	
-	F.P.	-	12p	7p	Do. 8½pc 3rd Non-Cum Cnv Prf 2007/10	11p	
10p	F.P.	-	10p	8p	Bettsa Mining 10pc (Net) Cv Prf 1994	8p	
100	F.P.	-	107½	92½	Consbourne Inds. 10½pc Rd. Deb. 2001	95#	
100p	F.P.	-	108p	100p	Fidelity Euro. Values Equity Ln 2001	108p	
105	F.P.	-	110	98	Greencore 9.5% Cnv Un Ln Stk 1995	105	
-	F.P.	-	53p	48½p	M & G Recovery Zero Div Prf 1p	53p	+¼
100p	F.P.	-	105¼p	97p	NatWest Bank 9pc Prf Series A	104¼p	+¼
650p	F.P.	-	460p	330p	Thorn EMI Non-Int. Bearing Cv Units	457p	
§	F.P.	-	75p	68p	Wembley 6p (Net) Cv Cum Prf 1999	68p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or-
12	Nil	28/4	½pm	¼pm	Addison Consultancy	½pm	
105	Nil	29/5	32pm	8pm	European Motor	28pm	-1
36	Nil	6/5	14pm	4pm	Kynoch (G & G)	5pm	-1
63	Nil	12/6	21pm	6pm	Resort Hotels	6pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Assumed dividend and yield. g Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings April 13
- Last Dealings May 1
- Last Declarations July 23
- For settlement August 3

3-month call rate indications are shown on page 12.

Calls in Airbreak Leis., Aviva Petrlm., ASDA, BET, Corporate Servs., Ferranti, First Natl. Fin., ML Hldgs., Mountleigh, Ratners, Saatchi, Tarmac and Vistec. Put in Gen. Accident. Puts and calls in Premier Cons. and Ratners.

Lasmo sheds 21p on Ultramar sale news

By Deborah Hargreaves

LASMO, the UK exploration and production company, disappointed the market yesterday with its announcement that it could sell Ultramar's North American refineries and other assets for between \$1.17bn and \$1.27bn (£720m) by floating them off in North America.

Lasmo acquired Ultramar's downstream assets last year after a £1.4bn takeover. The company listed them at book value of £915m in its annual report, and analysts had suggested they could be sold for between £700m and £1bn.

Lasmo's shares dropped 21p to 217p on the news. The shares had been buoyed in recent weeks by speculation that Lasmo was about to announce the sale of the Wilmington refinery to Tosco Oil in the US. Market rumours of a takeover bid for Lasmo from British Gas or Total, the French oil company, had also boosted the company's share price.

Mr Michael Pavia, Lasmo's finance director, said the company was still pursuing the possibility of a trade sale. This would probably produce a higher selling price, but the North American market for refining plant is currently depressed.

Mr Pavia said the US Securities and Exchange Commission should give the go-ahead for an initial public offering (IPO) within a month. At that time, Lasmo will have to decide whether to float the refineries or continue to hold talks with prospective cash buyers.

But the refineries should be sold by mid-year, Mr Pavia said, whichever route the company decided to pursue. He said interest in the refineries from other companies had been encouraging.

But Mr Simon Flowers, industry analyst at County NatWest was sceptical, he said: "They wouldn't be talking about doing an IPO if they could get immediate value from a cash sale."

See Lex

Trainer loses most from Classic fall

By Peggy Hollinger

THE FAILURE this week of Classic Thoroughbreds, the Irish bloodstock company, is likely to cost Mr Vincent O'Brien, the renowned trainer, up to I£2m, or £1.82m sterling.

Other big losers in an experiment to bring the arts of stock market punting to the turf include: Mr Michael Smurfit, the packaging magnate; Mr Robert Sangster, the Vernons Pools boss; and millionaire Mr John Magnier. All are each estimated to have lost up to I£1.4m.

But it is perhaps Mr O'Brien, trainer of racing legends such as Nijinsky and The Minstrel, who will suffer the most. Not only did he hold the biggest stake, at 12 per cent, but Classic's failure to produce more than one big winner from its stables will leave the 75-year-old trainer's reputation somewhat diminished.

When the company was put out to pasture this week, it offered its 4,500 shareholders a mere 5.25p per share, compared to the 1987 flotation price of 30p.

It was almost prophetic that Classic chose October 1987 for the flotation date. Since then, a series of troubles have beset its horses.

The first year saw its best horse put down, while in 1989 Classic Fame and Saratogan failed to live up to their early promise and a virus swept through the stables. The following years were little better and punters' patience was tried further by the dramatic collapse in bloodstock prices.

Classic's one claim to the big winner's circle in 4½ years was its 40 per cent stake in Royal Academy.

This week, the only horse left in the once lively stable of 47 was Classic Music. Mr Michael Walsh, company secretary, reassured callers that the lonely racer would not be put down, but rather put out to stud where it could pay its way until a buyer comes along.

Younger joins trusts group

MR GEORGE Younger, chairman of the Royal Bank of Scotland since early last year, has joined the Murray Johnstone family of companies. He is to become deputy chairman of the four main investment trusts which control Murray Johnstone, the Glasgow-based fund management house.

The former defence secretary is expected to succeed the present chairman of these trusts, Sir Ian Denholm, when he retires next May.

The four trusts are Murray Income Murray International Murray Smaller Markets and Murray Ventures. Between them they own 70 per cent of Murray Johnstone Ltd, which manages the trusts.

Last month Mr Nicholas McAndrew, managing director of Murray Johnstone Ltd, became the company's chairman.

8% rise for man from the Pru

Prudential Corporation, the UK's largest life insurer, gave Mr Mick Newmarch, its chief executive, a 7.9 per cent pay rise to £586,570 in 1991, an increase said by the company to include a cut in the bonus element of his remuneration, writes Norma Cohen.

Mr Newmarch's salary sparked a storm of protest from shareholders last year when his 1990 remuneration rose by 43 per cent while company profits slumped by more than a third.

At the time, Prudential defended the rise, saying it included performance-related pay based on the performance in 1989 when profits had risen sharply.

In 1991, Prudential's pre-tax profits rose by 9 per cent, while its dividend rose 6.8 per cent.

GPA holders near lock-in deal

By Tim Coone in Dublin

GPA, the world's largest aircraft leasing company, based in Shannon in the Republic of Ireland, appears to be close to achieving a one-year "lock-in" agreement with its larger shareholders. The agreement would follow the company's planned flotation in June.

Mr Maurice Foley, chief executive, said yesterday that "the major shareholders are fully agreed" on a deal which would allow them to dispose of no more than 15-20 per cent of their present stake in the first year after the flotation. Such an agreement is vital for GPA to ensure stability in its share price, although in the negotiations GPA had apparently been hoping to "lock in" a minimum of 85 per cent.

The shareholders are Mitsubishi Trust and Banking Corporation, Air Canada, Aer Lingus, the Prudential Assurance Company of America and The Long-Term Credit Bank of Japan, which together hold 48 per cent.

In a statement yesterday Aer Lingus would not confirm finalisation of the deal, saying only: "Aer Lingus has reached an agreement in principal with GPA regarding [the flotation]. We have made substantial progress in our discussions on the detail of the agreement, and we hope to finalise these discussions shortly." However the company said that the figures given by Mr Foley "are the figures we are talking about".

It said it was negotiating on a bilateral basis with GPA, and not in concert with the other shareholders.

Aer Lingus has been hoping to use the flotation as a means of releasing some of its holding in order to finance the renewal of its ageing Boeing fleet. The company also wants to purchase two or three 767s, to open a new route to the west coast of the US.

The company will be floated simultaneously in London, Dublin, New York and Tokyo. Mr Foley said that the final flotation price would be pitched at a level "to obtain the minimum we want from each market".

Shortage of skins hitting profit at Strong & Fisher

By Maggie Urry

NOT ENOUGH lambs to the slaughter is a rare reason for a profits warning, but Mr Mike Buswell, chairman of Strong & Fisher, used that when telling shareholders at the annual meeting that first half profits would be "significantly down".

The news cut the share price from 35p to 31½p.

He stressed, though, that the group was trading profitably. In the first half to June last year it reported a pre-tax profit of £5.23m.

Strong & Fisher is 70.3 per cent owned by Hillsdown Holdings, the international food group, which rescued it in December 1990. Following a restructuring the group was able to announce a dividend.

Mr Buswell said the serious shortage of lambs – or rather "hoggets", which are last season's lambs – being killed in the first quarter of the year meant the group could not buy sufficient skins except at prices too high to make a profit.

The group buys one-quarter of all lambskins available in the UK. Supplies halved in January, because of a change in the system of support payments to farmers which encouraged them to send the lambs to slaughter in December. In the first quarter supplies were down by 25 to 30 per cent.

Mr Buswell said it was a "one-off" problem and that this year's lambs were now coming to be killed in "ever-increasing numbers".

DIVIDENDS ANNOUNCED

I&S UK Smaller ....fin	2†	July 1	2	2	2
Towles ....fin	0.25	July 2	0.25	0.25	0.25

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.08	16.69	15.69
0100	17.08	16.69	16.69
0130	17.40	16.87	16.87
0200	24.48	18.91	20.26
0230	24.45	28.90	28.63
0300	24.48	26.90	28.48
0330	20.17	28.90	28.47
0400	17.65	20.54	21.98
0430	17.65	16.66	16.66
0500	17.08	16.79	16.79
0530	17.02	16.67	16.67
0600	17.04	16.82	16.82
0630	17.04	16.67	16.67
0700	17.05	16.69	16.69
0730	17.09	16.75	20.12
0800	17.75	19.81	22.89
0830	18.67	23.59	25.12
0900	18.67	24.81	26.18
0930	19.88	22.26	23.74
1000	22.78	23.97	25.02
1030	23.78	23.59	26.10
1100	23.75	23.58	25.05
1130	23.75	22.93	24.40
1200	19.68	22.26	23.72
1230	18.67	21.88	23.30
1300	18.67	19.81	20.86
1330	18.67	18.88	19.86
1400	17.79	17.86	18.95
1430	17.05	18.66	18.66
1500	17.05	18.82	18.82
1530	17.03	18.82	18.82
1600	17.05	16.82	20.82
1630	17.05	16.82	18.82
1700	17.09	18.88	18.98
1730	17.75	17.65	18.05
1800	18.08	17.89	18.95
1830	17.79	16.88	18.88
1900	17.79	16.82	16.82
1930	17.06	16.82	16.82
2000	17.08	17.65	18.95
2030	17.09	17.89	18.95
2100	18.67	24.02	25.51
2130	18.67	24.02	26.81
2200	18.67	24.02	25.52
2230	18.67	19.98	21.57
2300	17.70	18.82	16.82
2330	17.70	18.76	16.76
2400	17.04	16.72	16.72

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to Generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

A solid performance in a very tough economic climate

Extracts from the address by ICI Chairman Sir Denys Henderson at the Annual General Meeting of Imperial Chemical Industries PLC on May 1st 1992

We entered 1991 surrounded by economic and political uncertainty. It was as difficult and challenging a year for the chemical industry as any I can remember, but as a result of all the hard work we put in through the '80s, we weathered the storm as well as any of our international competitors, and a great deal better than much of British business.

Group sales, at £12.5 billion, were 3% down on the previous year and our profits were lower by £93 million than the restated 1990 figure, reflecting the fiercely competitive world markets. However costs were well contained and the Group's overall cash position remained strong because of the very early reshaping and cost control measures which were initiated well before the full force of recession struck the chemical industry. Our balance sheet is very strong, and the actions we are taking will certainly ensure that we will benefit as demand world-wide recovers. Your Board is therefore confidently recommending that the dividend should be maintained.

The performance of our businesses

Some of our businesses turned in outstanding performances. Pharmaceuticals, which is going from strength to strength, had another record year — and their pipeline of new products continues to grow. Paints, now firmly established as the world leader in their industry, also achieved record profits, and there was another excellent year for Agrochemicals. Explosives (also a world leader) maintained their profit performance and we restructured our now wholly-owned subsidiary, Tioxide, reducing costs significantly, which has helped to sustain its profitability.

However, the markets for housing, construction, automobiles and white goods have been badly hit world-wide, affecting demand for Fibres, Plastics and Industrial Chemicals. In Western Europe, a high level of imports from Eastern Europe and the USA, and unreasonable, swingeing electricity price increases in the UK, plus higher oil feedstock costs have been additional problems to be tackled. In consequence, while both Chemicals & Polymers and Specialties made welcome profits, their results were disappointing. Radical reshaping of these businesses continues apace, through the divestment of non-strategic businesses, the closure of unprofitable plants and a reduction in the number of people employed. The benefits from this strategy, and tight cost control, will become increasingly apparent during 1992 and 1993, when their results should improve as demand picks up.

ICI Materials, which brings together the Group's interest in Acrylics, Polyurethanes, Films, Fibres and our much reduced Advanced Materials business, has been faced with serious adverse trading conditions and has made losses. But their management has faced up to very difficult decisions over the past year, with costs cut drastically. However, Acrylics continued to expand, and Polyurethanes, despite weak demand, had a reasonable year.

We have an on-going programme of capital expenditure, of which significant examples are: 'Klea' 134a, our CFC replacement, and £37 million invested in new capacity in our exciting new food product, 'Quorn'. And earlier this year we acquired a Refinish Paints Business in Spain.

There were also a number of businesses which were sold because they did not fit with our long-term strategic plans. Because these divestments were carefully planned over a long timescale, we were able to obtain good prices which, in total, amounted to over £500 million received last year.

So that was 1991 — a solid performance producing £843 million profit before tax in a very tough economic climate, with some very bright spots and some disappointments. But overall, the return on capital is not satisfactory and we are making enormous efforts to make sure this will improve.

There is one other aspect of 1991 on which I believe shareholders would welcome comment, which was the 2.8% stake taken by the Hanson Group last May. This was not helpful — quite the contrary. Our major reshaping exercise was already well underway and the main impact of the new shareholding was simply to cause great anxiety to employees and much uncertainty amongst customers.

That was because the Hanson Group and ICI have very little in common in terms of business objectives, territorial ambitions, or commitment to research.

Environmental progress

I turn now to two vitally important, related topics. First, the environment. We have made a good start towards meeting the long-term environmental objectives which I set over a year ago, particularly in our reduction of hazardous wastes, where special care is constantly needed in treatment and disposal.

On the product front, 'Biopol', our fully biodegradable plastic, won important environmental awards in both Germany and the USA. The Prime Minister, John Major, opened the world's first commercial ozone-benign CFC replacement plant on Merseyside, and we are also investing significant capital in CFC replacement units in the USA and in Japan. Good environmental management is not just a question of preventing emissions or spillages from existing activities, but it is also about finding acceptable new products and processes and building safe, environmentally benign new plants.

I make no secret of the fact that we still have some way to go, but I hope that by this time next year we will be able to report further progress. But I have to tell you that this process is costly — in 1991 alone, ICI spent over £340 million on environmental improvements.

May I now dwell specifically on chlorofluorocarbons. All of us in ICI are committed to phasing out CFCs as rapidly as possible, with a timetable which is both practicable and responsible.

Group sales £12.5 billion

Pre-tax profits £843 million

Dividend maintained

Benefits from early reshaping and cost control measures

Over £690 million spent on Research & Technology

Committed to improving environmental performance and phasing out CFCs

The Montreal Protocol, an international agreement signed by over 70 countries, has set a deadline for the year 2000 for the complete phase-out of CFCs and other products with ozone-depleting potential. The European Community has advanced this deadline to 1997 and, just recently, both the UK and US Governments have recommended a still earlier phase-out date of 1995. ICI has always supported these initiatives, and we have announced that we will cease production of all substances controlled under the terms of the Montreal Protocol by no later than the end of 1995. This includes CFCs, Halons (used in fire extinguishers), Carbon Tetrachloride and 1.1.1-Trichlorethane.

The speed of phase out depends on the development of safe and effective replacements. Until these alternatives are available, CFCs are still required. They are needed in food preservation and distribution; for medical requirements, and in the manufacture of critical engineering components. ICI is in the forefront of developing new, safe and efficient alternatives. We have committed to date, £260 million to this task — £100 million on research, and £160 million on new plants for the first of these new products, trade-named 'Klea' 134a. Since 'Klea' 134a is now becoming increasingly available in commercial quantities, we urge our customers to change from CFCs, wherever and as quickly as possible.

But we have not stopped there — we have established a free CFC recovery and recycling scheme in both the UK and Europe.

To encourage further co-operation, we have suggested the formation of a National Council for CFC phase-out, to include producers, users, government and environmentalists. As a first step, we would welcome a government initiative to quantify the use of CFCs in the UK, and the extent to which this demand can be met by recycling rather than from existing production.

Research and technology

The second topic is research and technology, the lifeblood of the Company and the basis of future profitable growth. Last year we invested over £690 million. If ICI is to remain a world leader in advanced technology, we must continue to devote significant resource to research and development. That is how we have built world-leading businesses in Agrochemicals, Paints and Explosives. That is why the profits of our Pharmaceuticals business multiplied sixfold over the last ten years, and why some 25% of the products we sell today were not on the market only five years ago. It is also why we continue to win Queen's Awards for both Technology and Exports.

1992 so far shows little clear sign of improvement and, indeed, the commodity cycle may well not begin to recover until 1993. The coming months will be difficult for many countries, and the climb out of recession is likely to be gradual. ICI is well placed to take full advantage of the upturn and we shall continue to focus our activities still further, as the recently announced transactions in Fibres and Acrylics with Du Pont clearly demonstrate. We must await the approval of the regulatory authorities for these important strategic moves, but I am in no doubt that they are each in the best interests of both parties and are major initiatives which will, hopefully, encourage further restructuring of the chemical industry to meet the competitive challenge of the next century.

The first quarter of 1992

Our first quarter results were an improvement on this time last year and show two things. The first is that the recession is still with us to a considerable extent, but the second is that a number of our businesses, particularly those serving the housing, consumer goods and textile markets in the USA, the UK and parts of Continental Europe, are detecting faint signs of recovery. There is, however, still some considerable way to go before we can be confident that good growth will be resumed world-wide.

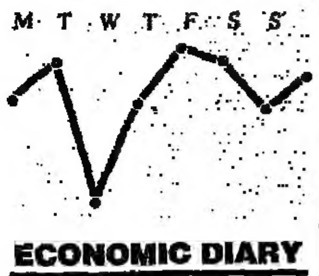
This has not been an easy time, and I am constantly aware of the support and co-operation which we have received right across the Company as difficult decisions have had to be implemented. As always, ICI employees have risen to the occasion magnificently. I should emphasise that the Group continues to make every effort to take proper care of those affected. Where businesses are sold or shut down, we make it a high priority to safeguard jobs.

Only three weeks ago, the Conservative party was re-elected for a fourth consecutive term in Government. ICI supports no political party but I welcome the fact that there was a clear result which removes uncertainty. Britain now accounts for just over 20% of ICI sales but, nevertheless, it remains our home base and is vitally important as our technological heartland and our major source of exports. As we rapidly approach the completion of the Single European Market at the beginning of 1993, I would wish to underline one single point as powerfully as I can. It is, that it is crucial for Britain, and indeed Europe as a whole, that we remain competitive against the rest of the world. We must constantly guard against the danger of self-imposed, unilateral burdens which our Japanese, American or Asia Pacific competitors do not have to face.

We are living in a difficult economic climate with continuing uncertainty in many of our markets. ICI is therefore undergoing a greater than normal period of change, but those corporate values, which have stood the test of time, will *not* change. We will remain jealous of our well-earned reputation for good corporate governance, for safe and efficient operations, for care for our employees and for our high standards of ethical behaviour.

There are those who will regret that many of our traditional links with the past have been severed; that we have exited businesses which have served us well in years gone by. In many ways I share that regret, but I see an exciting future ahead, although it will be in a vastly different Company from the one which I joined some 35 years ago. ICI has been a pathfinder in the chemical industry since its inception in 1926, and we have always found a successful route forward, whatever the problems. We will continue that pathfinder rôle with vigour and imagination. I am in no doubt that we can face the future with confidence, because of the actions we are taking today.

ICI



ECONOMIC DIARY

TODAY: Continuation of informal meeting of EC Foreign ministers at Guimaraes, Portugal.

TOMORROW: Shopworkers' union USDAW conference at Blackpool (until Wednesday).

MONDAY: Meeting of EC development ministers in Brussels followed (on Tuesday) by first joint meeting of EC development and environment ministers to prepare strategy for UNCED summit in Rio de Janeiro in June. Intergovernmental conference on the proposed European Community patent at Lisbon (until Tuesday). Markets closed in UK and Japan.

TUESDAY: UK official reserves (April). Building Societies Association conference (till Thursday). Midland Bank AGM. SPRINT technology seminar at Luxembourg with discussions on EC support for science parks (continuing Wednesday). US: presidential primaries in Indiana, North Carolina, Ohio and District of Columbia. Markets closed in Japan. Seventh round of prime ministers talks between North and South Koreans in Seoul.

WEDNESDAY: State opening of UK Parliament, with the Queen reading speech setting out government's legislative programme. Portuguese President Mario Soares visits Denmark (until Friday). Ukraine President Leonid Kravchuk visits Washington. Austrian Foreign Minister Alois Mock in Brussels for talks expected to focus on Austria's application to join EC.

THURSDAY: UK local council elections. Cyclical indicators for the UK economy (April – first estimate). Details of UK employment, unemployment, earnings, prices and other indicators. Former Soviet President Mikhail Gorbachev makes public speeches in San Francisco and at Stanford University.

FRIDAY: UK insolvency statistics (first quarter). Oporto: informal meeting of EC Finance Ministers. All markets closed in France.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Friday May 1 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Apr 30 Index No.	Wed Apr 29 Index No.	Tue Apr 28 Index No.	Year ago (approx) Index No.	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	889.01	+0.2	6.95	5.23	18.73	14.30	887.22	893.73	884.49	847.76	893.73 29/4	739.74 10/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (22)	1085.58	+0.2	5.62	5.45	25.06	18.61	1083.66	1100.52	1104.75	1089.21	1117.99 24/4	872.32 10/1	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (28)	1021.14	+0.1	6.02	5.91	25.86	22.00	1020.21	1028.16	1017.94	1319.93	1028.16 29/4	827.89 10/1	1951.50 16/7/87	71.48 2/12/74
4	Electricals (8)	2578.08	-1.7	7.18	5.72	18.11	68.82	2623.78	2641.31	2640.06	2380.90	2707.71 24/4	2296.79 2/1	3040.80 8/9/89	84.71 25/6/62
5	Electronics (29)	1986.60	+1.2	9.06	4.28	14.00	4.21	1963.98	1961.98	1929.53	1793.88	1986.60 1/5	1655.93 13/1	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (7)	388.53	-1.1	9.03	6.68	14.05	10.89	392.89	394.66	391.99	445.70	394.66 29/4	313.50 14/2	502.42 13/6/90	313.50 14/2/92
7	Engineering-General (44)	534.57	+0.3	7.86	4.41	15.78	7.37	532.81	535.04	533.30	448.97	535.04 29/4	455.80 2/1	535.04 29/4/92	339.57 23/1/91
8	Metals and Metal Forming (8)	363.83	-0.9	1.28	9.52	–	0.32	367.21	367.42	357.83	464.43	367.42 29/4	295.34 10/1	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	363.98	+0.1	7.33	6.46	17.92	9.96	363.50	364.75	360.58	338.43	364.75 29/4	277.78 10/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (19)	1812.42	+0.4	6.86	4.57	17.56	33.24	1806.08	1823.78	1790.43	1537.98	1823.78 29/4	1495.50 2/1	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (188)	1709.79	+0.1	7.06	3.32	17.35	14.22	1708.35	1709.90	1707.41	1473.88	1720.04 15/4	1565.23 8/4	1720.04 15/4/92	61.41 13/12/74
22	Brewers and Distillers (24)	2192.56	+1.0	7.46	3.32	16.07	16.80	2170.22	2172.66	2170.78	1829.26	2192.56 1/5	1938.05 8/4	2192.56 1/5/92	69.47 13/12/74
25	Food Manufacturing (17)	1278.46	.....	8.42	4.10	14.70	17.10	1277.85	1282.96	1283.64	1186.33	1287.52 24/4	1212.43 8/4	1287.52 24/4/92	59.67 11/12/74
26	Food Retailing (18)	2821.98	+0.2	8.16	3.07	15.93	18.63	2816.14	2834.19	2850.70	2840.75	2905.46 24/4	2293.80 10/1	2905.46 24/4/92	54.25 11/12/74
27	Health and Household (24)	4104.35	-1.3	6.72	2.58	16.96	30.61	4157.83	4136.57	4104.49	3299.59	4654.94 14/1	4009.23 23/4	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (20)	1410.35	+0.6	6.05	4.84	21.36	23.10	1402.18	1400.15	1405.32	1343.64	1420.70 27/4	1210.11 2/1	1845.77 8/9/89	54.83 9/1/75
30	Media (25)	1657.28	+1.2	5.83	3.31	21.36	17.30	1637.49	1639.74	1629.05	1450.13	1657.28 1/5	1402.70 8/1	1657.28 1/5/92	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	845.20	+0.6	6.28	3.91	18.71	10.45	840.15	840.64	839.30	678.92	847.05 27/4	714.55 2/1	847.05 27/4/92	43.46 6/1/75
34	Stores (33)	1111.50	+0.2	6.64	3.26	19.98	2.69	1109.68	1115.75	1118.83	922.99	1135.66 27/4	941.79 3/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (10)	737.33	+0.5	6.53	4.21	19.35	3.32	733.91	736.65	732.77	541.13	738.92 23/4	587.29 8/1	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (116)	1314.69	+0.4	9.22	4.93	13.66	13.84	1310.02	1314.07	1301.02	1223.01	1314.69 1/5	1140.56 3/4	1330.48 2/10/91	58.63 6/1/75
41	Business Services (17)	1432.89	-0.8	6.82	4.41	18.69	13.18	1444.66	1448.66	1420.74	1226.47	1451.74 16/1	1233.67 8/4	1451.74 16/1/92	892.28 1/2/91
42	Chemicals (22)	1601.70	.....	6.56	4.54	18.65	24.16	1602.47	1617.74	1600.10	1283.55	1617.74 29/4	1392.40 10/1	1617.74 29/4/92	71.20 1/12/74
43	Conglomerates (11)	1445.59	+0.5	9.74	6.96	12.56	9.34	1438.74	1456.37	1444.36	1568.72	1456.37 29/4	1249.23 13/2	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2657.60	+1.0	4.78	4.27	28.12	30.47	2631.01	2609.04	2559.49	2218.46	2657.60 1/5	2256.85 8/4	2657.60 1/5/92	90.80 29/6/62
45	Electricity (16)	1292.09	+0.1	13.60	5.04	9.59	17.21	1290.67	1290.48	1270.45	1180.62	1292.09 1/5	1044.63 7/4	1292.09 1/5/92	994.96 7/1/91
46	Telephone Networks (4)	1418.63	+0.4	11.05	4.42	11.82	16.02	1412.95	1422.94	1423.41	1456.13	1441.06 27/4	1274.20 3/4	1658.67 2/10/91	517.92 30/11/84
47	Water (10)	2855.74	+0.7	14.93	5.57	7.38	0.00	2835.66	2800.92	2748.04	2463.37	2855.74 1/5	2140.95 8/4	2855.74 1/5/92	1820.20 1/5/90
48	Miscellaneous (22)	2064.44	+0.7	5.91	4.77	22.12	20.93	2049.94	2051.06	2035.18	1887.83	2064.44 1/5	1770.94 3/1	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	1380.94	+0.2	7.71	4.19	16.20	14.44	1378.29	1382.15	1374.15	1243.24	1382.15 29/4	1231.76 3/4	1382.15 29/4/92	59.01 13/12/74
51	Oil & Gas (17)	2148.74	+0.9	7.08	6.62	18.57	53.06	2129.40	2128.92	2111.17	2449.87	2226.66 2/1	1937.42 3/4	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1453.58	+0.3	7.65	4.44	16.42	17.34	1449.74	1453.34	1444.55	1345.25	1453.58 1/5	1298.02 3/4	1453.58 1/5/92	63.49 13/12/74
61	FINANCIAL GROUP (87)	751.82	+0.5	–	6.03	–	16.40	748.37	753.41	753.38	821.59	759.54 27/4	637.33 3/4	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	938.18	-0.2	5.15	5.82	30.74	22.89	940.01	953.22	960.79	915.63	967.37 27/4	790.95 3/4	990.15 6/9/91	62.44 12/12/74
65	Insurance (Life) (6)	1478.49	-0.7	–	6.02	–	44.26	1489.46	1493.76	1481.02	1541.24	1528.39 16/4	1243.61 6/4	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	525.06	+2.3	–	6.63	–	13.46	513.02	510.17	504.46	692.66	533.45 6/1	419.96 8/4	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	982.24	+0.6	7.86	6.82	16.79	20.48	976.56	984.36	984.55	1130.45	1031.35 27/1	891.99 8/4	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	510.94	.....	–	4.06	–	4.25	511.14	509.47	509.78	425.40	511.14 30/4	405.18 7/4	547.59 12/10/87	31.21 7/1/75
69	Property (33)	716.91	+2.2	7.47	6.37	18.62	6.50	701.74	705.71	700.76	985.35	799.69 20/1	613.80 8/4	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (15)	256.49	+0.4	6.77	6.74	20.23	3.12	255.55	253.74	252.23	289.98	256.49 1/5	221.16 7/4	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	1237.14	+0.6	–	3.62	–	11.14	1229.71	1228.28	1221.38	1216.21	1237.14 1/5	1112.66 8/4	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (657)	1286.55	+0.3	–	4.60	–	16.72	1282.75	1286.45	1279.58	1217.76	1286.55 1/5	1142.45 3/4	1286.55 1/5/92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 30	Apr 29	Apr 28	Apr 27	Apr 24	Year ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2659.8	+5.7	2672.7	2650.5	2654.1	2664.9	2651.0	2658.2	2643.0	2522.7	2664.9 29/4	2382.7 3/4	2679.6 2/9/91	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 1	Day's change %	Thu Apr 30	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	122.43	+0.21	122.18	1.97	4.28
2	5-15 years (25)	137.96	+0.40	137.41	1.69	5.45
3	Over 15 years (9)	150.62	+0.54	149.81	3.23	2.78
4	Irredeemables (6)	163.19	+0.27	162.75	0.14	6.11
5	All stocks (67)	135.75	+0.35	135.27	1.98	4.85
	Index-Linked					
6	Up to 5 years (2)	169.72	+0.24	169.31	0.36	1.83
7	Over 5 years (9)	147.64	+0.52	146.88	0.77	1.64
8	All stocks (11)	149.54	+0.47	148.83	0.71	1.65
9	Debs & Loans (62)	119.46	+0.29	119.11	1.84	4.26

	AVERAGE GROSS REDEMPTION YIELDS		Fri Apr 1	Thu Apr 30	Year ago (approx.)	1992 High	1992 Low
	British Government						
1	Low	5 years	8.30	8.38	9.25	9.43 2/4	8.26 13/4
2	Coupons	15 years	9.02	9.06	9.72	9.72 1/4	8.99 15/4
3	(0%-7¾%)	20 years	9.02	9.06	9.83	9.72 1/4	8.99 15/4
4	Medium	5 years	9.26	9.31	10.24	10.28 1/4	9.26 1/5
5	Coupons	15 years	9.05	9.10	10.14	9.82 1/4	9.03 15/4
6	(8%-10¾%)	20 years	9.03	9.07	10.10	9.76 1/4	9.01 15/4
7	High	5 years	9.47	9.53	10.40	10.50 1/4	9.47 1/5
8	Coupons	15 years	9.18	9.23	10.32	9.96 1/4	9.13 15/4
9	(11%-)	20 years	9.13	9.18	10.28	9.86 1/4	9.08 15/4
10	Irredeemables†		9.26	9.27	10.01	9.92 2/4	9.19 15/4
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.97	4.01	3.77	4.14 2/1	3.52 4/3
12	Inflation rate 5%	Over 5 yrs.	4.46	4.49	4.11	4.60 6/4	4.27 17/2
13	Inflation rate 10%	Up to 5 yrs.	3.28	3.31	2.93	3.50 2/1	2.86 4/3
14	Inflation rate 10%	Over 5 yrs.	4.28	4.31	3.93	4.42 6/4	4.07 17/2
15	Debs & Loans	5 years	10.64	10.68	11.87	11.51 6/4	10.56 15/4
16		15 years	10.44	10.48	11.64	11.22 6/4	10.40 15/4
17		25 years	10.31	10.36	11.43	11.02 6/4	10.29 15/4

‡Opening index 2660.1; 9 am 2654.1; 10 am 2655.5; 11 am 2664.3; Noon 2671.5; 1 pm 2668.7; 2 pm 2665.5; 2.30 pm 2666.4; 3 pm 2666.4; 4.10 pm 2660.9; (a) 11.40am (b) 9.16am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323.

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
All'd Lyons (*638)	600	51	67	79	12	19	24
	650	22	41	52	36	42	46
	700	8	22	32	77	78	80
ASDA (*28½)	20	11	12	13	1½	2	2
	25	7	8½	10½	2	3	4
	30	3	6½	8½	4½	5½	7
Brit. Airways (*293)	260	38	46	52	6	11	14
	280	23	36	41	14	18	22
	300	13	25	31	24	29	33
SmKl Beecham A (*855)	800	87	110	130	13	24	32
	850	52	78	98	29	41	51
	900	27	53	72	59	68	74
Boots (*471)	460	25	39	44	14	19	23
	500	7½	20	27	39	42	45
B.P (*270)	260	18	22	24	7	12	16
	280	6½	12½	14	18	22	27
British Steel (*80½)	80	6	9	11	5	7	9
	90	2½	5	6½	11½	13	15
Bass (*604)	600	28	46	54	19	28	33
	650	8½	24	32	54	60	62
C & Wire (*565)	550	39	55	66	20	27	32
	600	14	31	42	50	56	59
Courtaulds (*601)	600	29	47	57	26	38	42
	650	9	25	37	63	69	72
Com. Union (*481)	460	39	46	59	9	19	22
	500	17	25	37	28	40	42
Fisons (*390)	390	25	40	48	21	28	32
	420	13	26	35	42	46	51
GKN (*395)	390	24	32	42	14	23	26
	420	11	18	28	28	40	43
Grand Met. (*494)	475	31	42	–	12	19	–
	500	17	29	39	24	32	34
I.C.I. (*1361)	1350	78	100	138	38	63	66
	1400	48	74	110	65	90	98
Kingfisher (*544)	500	53	63	77	8	19	24
	550	22	35	52	30	41	46
Ladbroke (*252)	240	23	31	34	6½	12	14
	260	12	20	24	15	22	24
Land Secur (*442)	420	31	36	41	11	15	18
	460	7½	16	23	38	40	42
M & S (*337)	330	18	29	35	11	14	17
	360	6	15	21	28	32	33
Sainsbury (*427)	420	24	37	47	14	19	21
	460	7	18	27	40	42	43
Shell Trans. (*487)	460	43	51	59	5	10	12
	500	16	26	36	22	27	29
Storehouse (*135)	130	13	18	22	8	11	12
	140	7½	14	16	14	16	16
Trafalgar (*159)	140	22	28	32	7	12	16
	160	12	21	23	17	22	28
Utd. Biscuits (*417)	390	40	49	53	5	10	12
	420	18	31	35	15	22	23
Unilever (*907)	900	43	72	90	20	29	33
	950	21	44	60	50	57	63

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*337)	300	41	54	56	1½	6½	14
	330	22	34	39	8	17	26
	360	4½	19	25	26	33	42
BAA (*630)	600	40	55	74	5	16	20
	650	10	27	47	27	41	45
	700	2	10	27	72	76	79
BAT Inds (*769)	700	75	91	99	2	11	17
	750	35	56	67	9	25	35
	800	7	29	43	39	52	64
BTR (*466)	460	16	30	37	8	15	21
	500	1½	11	18	36	38	45
Brit. Telecom (*345)	330	18½	26	32	3	11	15½
	360	3	10	17	20	29	31
Cadbury Sch (*468)	460	15	33	43	7	13	20
	500	2	13	24	35	38	41
Eastern Elec (*279)	260	86	28	31	1	9	12
	280	66	15	19	1	19	21
Guinness (*607)	600	20	42	60	9½	22	27
	650	3½	19	35	47	52	55
GEC (*227)	220	10	15	20	3	9½	10½
	240	2½	5½	10½	15	22	23
Hanson (*232)	220	15	20½	24½	2	5½	8
	240	3	9½	14	10½	15	18
LASMO (*217)	200	24	33	39	4	11	15
	220	12	23	29	11	18	24
Lucas Inds (*140)	140	6½	15	16	6	10	15
	160	1½	5½	9	23	24	27
P. & O. (*504)	500	17	37	45	13	25	36
	519	8	–	–	24	–	–
Pilkington (*154)	140	17	19	26	2½	8	9
	160	5	9	16	9	18	21
Prudential (*244)	240	12	21	26	4½	9	14
	260	4	12	16	18	20	24
R.T.Z. (*623)	600	34	55	72	6½	17	25
	650	7	30	43	33	42	49
Scot. & New (*472)	460	22	35	45	7	18	24
	500	4½	15	24	29	43	50
Tesco (*278)	260	21	30	36	1½	5½	8
	280	7	17	24	8	13	17
Thames Water (*439)	420	30	35	43	3	13	15
	460	5	13	21	22	36	38
Vodafone (*348)	330	24	34	45	3½	11	15
	360	6½	17	29	17	26	29

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Abbey Nat. (*296)	280	25	31	39	4½	8	11
	300	11	18	26	4½	8	11
	330	3½	7½	14	36	37	39
Amstrad (*34)	30	6½	8½	10	2½	3½	5
	35	4	5	8	[illegible]	[illegible]	[illegible]
	40	2½	4½	6	[illegible]	[illegible]	[illegible]
Barclays (*345)	330	27	34	40	[illegible]	[illegible]	[illegible]
	360	9	16	24	[illegible]	[illegible]	[illegible]
	390	3	7	14	[illegible]	[illegible]	[illegible]
Blue Circle (*274)	260	22	31	38	[illegible]	[illegible]	[illegible]
	280	12	19	28	[illegible]	[illegible]	[illegible]
	300	4½	12	19	30	35	36
British Gas (*264)	260	12½	21	24	5½	9½	13
	280	4	10	14	19	21	25
[illegible] (*255)	240	25	29	37	6	11	14
	260	12	17	25	14	20	22
Eurotunnel (*381)	360	40	60	77	17	23	31
	390	25	43	60	30	38	44
Glaxo (*721)	700	55	80	102	24	42	58
	725	40	–	–	34	–	–
Hillsdown (*196)	180	18	21	25	5	7½	11
	200	5½	11	16	15	17	19
Lonrho (*94)	90	14	19	23	5	8	14
	100	9	13	18	10	16	18
Midland Bk (*361)	360	33	45	53	6	13	17
	390	13	28	38	19	26	33
National Power (*225)	215	18	22	–	3½	8	–
	235	6	9½	–	12	18	–
Reuters (*1190)	1150	84	123	160	30	50	64
	1200	55	94	133	52	70	85
R. Royce (*172)	160	16	22	25	3	6½	9
	180	5	11	15	13	15½	18
Scottish Power (*175)	170	11½	14	17	4½	10	11½
	180	6	9	12	9	15½	17
Sears (*105)	100	8	12	14	4	7½	10
	110	3½	7	10	12	13	16
Forte (*244)	240	14	22	28	7	11	14
	260	6	13	18	18	22	24
Thorn EMI (*851)	850	31	41	54	19	36	47
	900	10	19	33	101	116	–
TSB (*141)	140	7½	10½	15	5	8½	9½
	160	2	4	6½	21	22	23
Vaal Reefs (*$52)	50	4	5½	7½	3½	5½	6
	60	2	3	4½	11	13	14
Wellcome (*1065)	1050	65	108	140	43	62	77
	1100	42	82	115	79	87	103

EURO FT-SE INDEX (*2661)

	2525	2575	2625	2675	2725	2775	2825	2925
CALLS								
May	162	117	77	44	19	7	3	–
Jun	176	133	93	64	36	18	8	2
Jul	193	–	115	–	60	–	25	8
Sep	233	–	143	–	105	–	62	33
Dec	280	–	210	–	150	–	100	63
Mar	315	–	245	–	190	–	140	100
PUTS								
May	4½	8	16	33	65	103	146	–
Jun	10	14	24	44	67	99	138	228
Jul	17	–	37	–	79	–	141	222
Sep	33	–	60	–	100	–	153	220
Dec	43	–	70	–	105	–	195	215
Mar	60	–	80	–	115	–	160	215

FT-SE INDEX (*2661)

	2500	2550	2600	2650	2700	2750	2800	2850
CALLS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PUTS								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	7	11	21	35	58	95	140	195
Jul	14	22	32	46	68	98	110	190
Aug	25	30	40	57	77	105	145	185
Dec †	45	–	70	–	105	–	170	–

May 1 Total Contracts 26,093
Calls 17,947 Puts 8,146
FT-SE Index Calls 2,097 Puts 1,526
Euro FT-SE Calls 423 Puts 53
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

	p								
■ INDUSTRIALS	p	Charter Cons.	37	Ladbroke	14	Sears	9	■ OILS	
Allied-Lyons	49	Comm Union	34	Legal & Gen	22	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6½	Courtaulds	39	Lex Service	18	TI	45	BP	20
Astec (BSR)	3	Eurotunnel	29	Lloyds Bank	32	TSB	11½	Burmah Castrol	44
BAT Inds	10	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	7
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	32	Forte	21	Marks Spencer	27	T & N	11½	Premier Cons	2½
Barclays	29	GKN	30	Midland Bank	30	Unilever	70	Shell	33
Blue Circle	25	Gen Accident	38	NatWest Bank	25	Vickers	13	Tuskar Res	½
Boots	39	GEC	15	P & O Dfd	37	Wellcome	80	■ MINES	
Bowater	60	Glaxo	69	Racal Elect	5	■ PROPERTY		RTZ	47
Brit Aerospace	26	Grand Met	35	RHM	16	Brit Land	19		
British Steel	6½	GRE	12	Rank Org	55	Land Sec.	34		
Brit Telecom	24	Hanson	18	Ratners	2½	MEPC	26		
Cadburys	33	ICI	95	Reed Intl	44	Mountleigh	1½		

Too bad for investors.

	1991	1990
	(amounts in millions of guilders)	
Net turnover	14,480	
Operating results	2,904	
Result after taxes	1,614	
Dividend	646	
Net investments (in tang. fixed assets)	3,474	
Group capital against total assets	41.4%	

It's a pity that Koninklijke PTT Nederland NV is not listed on the stock exchange. For Koninklijke PTT Nederland NV had another excellent year in 1991. And if you, as an investor, had been able to buy KPN shares, you could have made a handsome profit. Many a shareholder would like to see his shares performing equally well. The privatisation three years ago meant a new management style: greater efficiency, integral quality programmes and strategic alliances and holdings have made KPN a responsive, market-oriented business. KPN is meeting the competitive challenge. Nationally and – increasingly – internationally. So you'll be hearing more and more from us in the future.

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Developer in new efforts to stave off financial collapse

O&Y may overhaul $12bn debt plan

By Robert Peston

OLYMPIA & YORK, the international property group, is considering a complete overhaul of its plan to reorganise $12bn in debt in an effort to ward off the threat of bankruptcy filings.

Sources close to O&Y's bank talks said it had called a meeting of its 12 biggest lenders for Monday to discuss whether all 100 of its banks should contribute to a $700m "global" loan. The banks are led by Canadian Imperial Bank of Commerce, Citicorp of the US and Hongkong and Shanghai Banking Corporation.

Until now, it has tried to raise new money from banks with an exposure to its Canadian operations and to its Canary Wharf property development in east London. Negotiations on a global loan would replace these attempts.

O&Y had originally hoped to put a "ring fence" behind those properties in North America whose rents are sufficient to meet borrowing costs. Lenders to these more profitable properties would have been asked to make only limited sacrifices in the debt restructuring.

However, lenders to Canary Wharf and the Canadian operations have only been prepared to provide small sums to keep O&Y afloat for a few days at a time. O&Y has decided it may be better to involve all its banks in the refinancing.

The 11 lenders to the Canary Wharf project are due to meet again on Monday to discuss whether to provide £33m ($58.4m) of new loans to meet the construction project's needs for a month, or whether to press for the project to be put into administration under UK insolvency procedures.

The possibility that other banks would participate in the refinancing is likely to encourage the 11 to provide a more modest amount of new money.

US insurer paid on overdue mortgage

By Bernard Simon in Toronto

OLYMPIA & YORK yesterday gained another reprieve by agreeing to make an overdue interest payment on a mortgage held by Prudential Insurance of America.

The agreement with Prudential could, however, spell trouble for O&Y from other debtholders who have not been paid since the developer's liquidity problems surfaced in late March. The New Jersey-based insurance group said the two parties had reached a verbal agreement resolving an interest payment due in April on a US$155m mortgage secured by the Aetna Centre in Toronto.

It declined to give details of the agreement, but noted that "if a property is performing, we would expect mortgage payments to be current".

O&Y failed to make the April payment on time, despite the fact that rental income from the 45-storey building was sufficient to meet the property's debt-servicing obligations. Prudential responded on Thursday afternoon by notifying Aetna Centre's tenants that it was seizing all rents from the property.

The move to assign rents appears to have caught O&Y by surprise. The company has spent the past few weeks asking banks and other holders of its $12bn debt for a debt standstill and an infusion of funds, while it negotiates a more comprehensive debt restructuring. A group of Japanese institutions last month agreed to defer interest due on a $800m Eurobond secured by a building at the World Financial Centre in New York.

On the other hand, O&Y paid $6m in interest to public holders of floating-rate notes secured by three other Manhattan buildings. Like Aetna Centre, the World Financial Centre is generating enough rental income to meet interest payments.

However O&Y has been forced to channel cashflow from these buildings to less liquid parts of its far-flung property empire.

The company earlier this week won another breathing space with the agreement by a group of banks to advance £5m ($8.85m) for the Canary Wharf development in London's Docklands. Negotiations are continuing for a bigger credit facility for Canary Wharf.

Nicholas wins $15.8m severance and stays on the payroll

By Alan Friedman in New York

MR Nicholas Nicholas, the former co-chief executive of Time Warner whose forced resignation was engineered in February by Mr Steve Ross, the company's chairman, received a $15.8m severance payment in addition to $2.9m of salary, deferred income and bonuses in 1991.

According to a new filing by Time Warner with the Securities & Exchange Commission (SEC), the company agreed not to cancel a 1989 employment contract with Mr Nicholas. This will allow him to remain on the company's payroll – at an annual salary of $250,000 – until 1999.

Mr Nicholas holds options to buy 500,000 shares in Time Warner at an average of $90 per share. Yesterday's share price was $106⅞8, up by ⅞.

The size of executive compensation packages at Time Warner has been a controversial issue for the company, mainly because Mr Ross is the recipient of a $196m package related to payments for his stock interests in Warner.

Last year Mr Ross received $4.06m in base pay, deferred income and a bonus. In 1990 the total of Mr Ross's compensation – including a part of the payment of $196m over eight years – was $78.2m.

Mr Jerry Levin, the former Time man who was elevated by Mr Ross to take the place of Mr Nicholas as co-chief executive, was paid $2.8m in 1991.

Pan-Nordic insurance group still just a dream

Hilary Barnes and Xueling Lin look at at how a tangled Scandinavian saga might be unravelled

Plans for the creation of a pan-Nordic insurance group are back to square one after Denmark's Hafnia Holding decided on Thursday to reject a bid from Skandia of Sweden to take over the group.

The Nordic insurance saga started last year when Norway's Uni Storebrand and Hafnia tried to gain control of Sweden's leading insurer, Skandia, and announced plans for an alliance, which, somewhat prematurely, they named Nordic Co-operation.

The plan fell through and, in April, Skandia turned the tables on Hafnia, making a bid to take it over. At the time Hafnia was in deep financial trouble as a result of its over-adventurous bid for Skandia.

Hafnia's rejection of the Skandia bid places Uni Storebrand and Mr Jan Erik Langangen, its chief executive, in a difficult situation, with speculation rife in Oslo that he will be forced to resign.

The next moves in the complex Nordic insurance saga could take many directions.

Among the possible developments are that Baltica, Hafnia's main domestic rival, which was discussing an agreement with Skandia when the Uni Storebrand-Hafnia raid was launched, could resume talks with Skandia.

"If they ring, we can always discuss things, but we have no plans to make an approach ourselves," said Mr Esben Hostager, Baltica's public relations manager.

As France's Compagnie Financière de Suez has a 23 per cent holding in Baltica, and Baltica has holdings in Colonia-Victoire, the Franco-German insurance arm of Suez, any deal between Baltica and Skandia would lead to a Scandinavian-French alliance.

Another possibility is that Hafnia and Baltica could reopen merger talks. This would be one way of solving the problems caused by Hafnia's 33.5 per cent stake in Baltica. "Any agreement would have to benefit our shareholders, and nothing has emerged so far which seems advantageous to our shareholders," said Mr Hostager.

Alternatively, an outsider, such as France's UAP, which has a small holding in Hafnia, may have its eye on Hafnia's Baltica stake with a view to establishing French ascendancy over Baltica. However, Hafnia's institutional shareholder group has said it will seek a friendly placement of the Baltica shares, so this move looks unlikely.

Meanwhile, Uni Storebrand has a serious problem. On April 9, Skandia made an offer to take over Hafnia on the condition that Skandia sold its international reinsurance business to Uni Storebrand, with payment being made with the Skandia shares held by Storebrand and Hafnia. The refusal of Hafnia's shareholders to accept the Skandia bid means the Storebrand part of the deal is also in danger.

However, the view in Oslo yesterday was that Storebrand would try to carry out the deal with Skandia, although it would require renegotiation of the April 9 agreement and the acceptance of any new arrangements by Hafnia.

Storebrand said yesterday there was a shareholder's agreement between Hafnia and Storebrand that neither can sell its holdings in Skandia without the agreement of the other. This agreement stands, Storebrand said.

The collapse of the deal with Hafnia leaves Skandia back where it was before the Danish firm and Storebrand began their play to gain control. The Danish-Norwegian approach was foiled because it did not have the consent of Skandia's board. As no shareholder in Skandia can exercise more than 30 votes, the Danes and Swedes where unable to force through their plan. This 30-vote rule, in effect, places Skandia in the control of its employees.

Mr Björn Wolrath, Skandia's chief executive, said on Thursday he regretted the decision by Hafnia's shareholders. He said Skandia, for its part, would concentrate on its insurance business.

The rejection of the Skandia bid came only after pressure on Hafnia's board of directors, who originally favoured the offer, by dissatisfied Danish shareholders. Institutional investors, led by the LD Fund, considered that Skandia was getting Hafnia too cheaply.

The rebels have promised to raise at least DKr1.5bn ($234m) in new capital for Hafnia, which would give Hafnia breathing space to dispose of its 13.5 per cent holding in Skandia and its Baltica holding at an acceptable price.

See Lex

JP Morgan opens fund for bank stakes

By Alan Friedman

J. P. MORGAN, the New York banking group, is launching a fund aimed at making strategic investments in banks, and with a target range of as much as $1bn.

It will manage the fund, raise cash from institutional investors through a private placement, and spend up to $100m of its own money in the fund.

Although the fund's minimum will be $500m, it is likely that a full $1bn will be raised.

The fund – to be known as Corsair Partnership – plans to acquire minority shareholdings in banks, including those whose stock price has been weakened by the current woes of the industry.

Morgan appears to want to make passive investments, and to work with banks in which it holds equity stakes to improve their profitability.

The Morgan fund is not the only one of its type being marketed. Other private investment groups have been seeking to take advantage of the weakened state of the US banking industry to buy shares cheaply and wait for recovery.

LTV registers further losses

By Martin Dickson in New York

LTV, the large US steel group which has been in bankruptcy proceedings since 1986, yesterday reported a first-quarter net loss of $43.3m, due mainly to the weakness of the US steel market.

The loss compared with one of $46.3m a year ago. Group sales dipped from $1.43bn to $1.39bn, due to the exclusion this quarter of a vehicle manufacturing subsidiary, AM General, which has been sold. Sales were up $88.6m on the previous year, stripping out the effect of the sale.

The two other leading US steel manufacturers, USX and Bethlehem, also reported continued losses this week, though both these companies managed to reduce the red ink in their steel operations.

LTV reported a small rise in steel operating losses, from $48.8m to $52.6m, on sales which rose 9 per cent to $869.6m and shipments up 14 per cent to 1.75m tons.

The group said the steel losses reflected lower selling prices, a less favourable product mix and higher employment costs, mainly from increased hourly wages and incentives under its current labour pact.

The group's aerospace and defence business, in the process of being sold for $450m to Thomson-CSF of France and Washington's Carlyle Group, made $9.4m on sales of $455.8m, compared to $7.3m on sales of $549.5m a year ago. The 1992 figures excluded results for AM General.

The sale of the defence business still has to be approved by the US Government's Committee on Foreign Investment, an inter-agency review panel. Many Congressmen have expressed opposition to the sale, on the grounds that it could mean the leaking of delicate defence secrets. Two military contractors which lost the bidding race for the LTV unit – Martin Marietta and Lockheed – are also lobbying for the sale to be blocked.

Air Canada sees break-even this year

By Robert Gibbens in Montreal

AIR CANADA will achieve break-even on an operating basis this year, and forge alliances with North American, European and Asian airlines, according to Mr Hollis Harris, the president.

Mr Harris, a former head of Delta Airlines, said that Air Canada can count on its quality and strong revenue base. But costs are too high and must be cut by 10 per cent more by the end of 1993. This will mean further staff cuts in the hundreds.

The sale and leaseback of three Boeing 747-400s and the sale of its credit card operation will bring C$790m cash into Air Canada by year end.

Spanish bank to sell domestic offshoot

By Tom Burns in Madrid

BANCO Santander, the Spanish commercial bank, is negotiating the sale of its last remaining domestic subsidiary, the Banco de Murcia, to Bancaja, a Valencia-based savings bank, for Pta17bn ($163.46m).

The deal fuels speculation that the Santander group, which owns 10 per cent of the Royal Bank of Scotland and 13.5 per cent of First Fidelity Bancorp in the US, is preparing for further international investments.

Foreign assets accounted for 27 per cent of the group's Pta75bn net profits last year. Mr Emilio Botin, Santander's chairman, said earlier this year he wanted to lift the non-Spanish contribution to the group's income.

The sale of the 66-branch Banco de Murcia network is expected to be completed within three months.

● Banco Bilboa Vizcaya (BBV), the big Spanish retail bank, became the first large domestic financial group to report a first-quarter slide. It announced net profits of Pta18.5bn, 4.5 per cent down on the Pta19.4 in the first three months of last year.

Asset write-down may hurt CSR

By Kevin Brown in Sydney

CSR, the Australian sugar and building products group, is likely to report a substantial net loss for the year to March 31, following a ruling by the Australian Securities Commission (ASC) on the treatment of an A$558m (US$422.70m) asset write-down.

The expected loss, due to be announced in June, follows a revaluation in February of CSR's plant and equipment, goodwill and trademarks, which CSR had intended to treat as an extraordinary loss.

This would have allowed it to account for the write-down without reducing net profit for the year, which it had forecast would fall to less than A$200m, compared with A$355m.

However, in a ruling published yesterday, the ASC said the write-down should be treated as an abnormal loss, which means it will have to be deducted from trading profits. The write-down was prompted by CSR's strict interpretation of a revised accounting standard, AASB 1010, which obliges directors to ensure that non-current assets are recorded in accounts at recoverable values.

The revaluation surprised the Australian markets, and raised the possibility that other companies might be forced to take similar action to comply with the standard. However, the ASC's ruling follows widespread debate among accountants and regulators about CSR's interpretation of another accounting standard, AASB 1018, which deals with the treatment of extraordinary and abnormal losses.

CSR said it had been advised that the write-down could be treated as an extraordinary loss, but acknowledged that the standard "is capable of other interpretations, which may lead to a different accounting treatment".

The group said the ASC's ruling did not affect "the fundamental nature of the revaluation," which was unlikely to be repeated. Nor would it affect its ability to pay a dividend.

CSR was given court approval recently to transfer A$558m from its share premium reserve to the profit and loss account, to offset the impact of the write-down on retained profits.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$337.25	+0.7	354.65	$403.25	$336.55
Silver Per troy oz	225.95	-1.55	233.00p	260.55p	183.35p
Aluminium 99.7% (cash)	$1289.5	-18.5	$1316	$1570	$1082.5
Copper Grade A (cash)	£1234	-9	£1467.5	£1472	£1147.0
Lead(cash)	£292.5	-6	£337.0	£382.5	£279.00
Nickel (cash)	$7390	-40	$8825	$9237.5	$7090.0
Zinc SHG (cash)	$1371.5	+32	$1134	$1430	$990.25
Tin (cash)	$5870	-10	$5632.5	$5915	$5425.0
Cocoa Futures (Jul)	£589	-19	£842	£829	£596
Coffee Futures (Jul)	$728	-59	-	$906	$728
Sugar (LDP Raw)	$239.0	-16	$198.5	$293	$194
Barley Futures (May)	£117.25	na	£107.05	£122.95	£107.75
Wheat Futures (Jun)	£126.5	+0.65	£136.10	£141.10	£111.80
Cotton Outlook A Index	59.95c	+1.25	83.30c	86.25c	54.40c
Wool (64s Super)	444p	-4	354p	480p	329p
Oil (Brent Blend)	$19.775x	+0.875	$19.525	$20.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb x-June.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17.40-7.50	+.125
Brent Blend (dated)	$19.80-9.95	+.125
Brent Blend (Jun)	$19.75-9.80	+0.10
W.T.I (1 pm est)	$20.85-0.90z	

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$224-226q	+2
Gas Oil	$180-181	+1
Heavy Fuel Oil	$74-76	
Naphtha	$167-169	-1

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$337.25	+0.75
Silver (per troy oz)♣	402c	+3
Platinum (per troy oz)	$350.15	+4.75
Palladium (per troy oz)	$82.75	+0.4
Copper (US Producer)	103.66	
Lead (US Producer)	37.37c	
Tin (Kuala Lumpur market)	14.81r	
Tin (New York)	273.5c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.89p	-1.84*
Sheep (live weight)†♠	99.61p	+9.90*
Pigs (live weight)†	100.62p	+0.56*
London daily sugar (raw)	$239.0z	-6.4
London daily sugar (white)	$277.0z	-2
Tate and Lyle export price	£243.0	+6.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£146.0w	
Wheat (US Dark Northern)	£120.0w	
Rubber (Jun)♥	56.00p	
Rubber (Jul)♥	56.25p	
Rubber (KL RSS No 1 May)	222.5z	
Coconut oil (Philippines)§	630.0t	+7.5
Palm Oil (Malaysian)§	$390.0z	
Copra (Philippines)§	$410.0	
Soyabeans (US)	£150.5t	
Cotton "A" index	59.95	+0.5
Wooltops (64s Super)	444p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-May/Jun y-Apr/May w-Apr z-May. †Meat Commission average fatstockprices. * change from a week ago. ♥London physical market. §CIF Rotterdam ♣ Bullion market close m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	209.60	208.60	210.00 208.80
Oct	201.60	200.00	200.40 200.00
Mar	195.00	195.00	194.60
White	**Close**	**Previous**	**High/Low**
Aug	277.20	273.50	277.20 271.00
Oct	270.20	265.50	270.20 264.50
Oct	274.00		258.00

Turnover: Raw 99 (749) lots of 50 tonnes. White 723 (722). Paris- White (FFr per tonne): Aug 1557.86 Oct 1540.28

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Jun	19.72	19.66	19.77 19.57
Jul	19.52	19.49	19.58 19.42
Aug	19.43	19.36	19.44 19.32
Sep	19.30	19.33	19.32 19.27
Oct	19.26	19.32	19.26 19.22
Dec	19.18	19.25	19.21 19.12
Feb	19.00		19.00
IPE Index	19.51	19.21	

Turnover 15000 (26197)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
May	177.25	176.25	177.50 176.00
Jun	176.75	176.00	177.25 176.00
Jul	177.25	176.25	177.50 176.75
Aug	178.75	177.75	178.75 178.00
Sep	180.75	180.00	180.75 179.50
Oct	182.75	181.75	182.75 181.75
Nov	184.25	183.25	183.50
Dec	185.00	184.25	184.75

Turnover 4886 (14514)lots of 100 tonnes

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	561	552	562 553
Jul	589	584	593 583
Sep	615	609	616 610
Dec	652	644	654 645
Mar	686	675	688 680
May	710	703	705
Dec	781	778	782 768

Turnover: 2617 (4057) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Apr 30 739.66 (735.92) 10 day average for May.1 759.35 (764.87)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
May	707	703	719 699
Jul	728	[illegible]	740 [illegible]
Sep	753	760	767 750
Nov	770	779	785 770
Jan	784	799	[illegible]
Mar	814	819	824 818
May		838	

Turnover:2598 (5875) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Apr.30: Comp. daily 49.29 (50.36) 15 day average 52.50 (53.03)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
May	112.0	112.4	112.0 110.1
Apr	116.5		116.5 115.6

Turnover 182 (148) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	118.50	119.00	118.50
Oct	125.00	124.50	125.00

Turnover 30 (175) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
May	1275	1274	1280 1275
Jun	1235	1224	[illegible]
Jul	1135	1129	1140 1135
Oct	1250	1232	1250 1249
BFI	1219	1218	

Turnover 71 (128)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	125.05	124.65	125.05 124.75
Jun	126.50	126.25	126.50
Nov	114.60	114.25	114.65
Barley	**Close**	**Previous**	**High/Low**
May	117.25	116.75	117.25

Turnover: Wheat 27 (125) , Barley 10 (0). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
May	126.0	126.5	126.8
Aug	107.0	107.0	107.0 106.9

Turnover:3 (41) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 23,238 lots
Cash	1289-90	1283.5-87.	1294	1293.5-94		
3 months	1314-15	1312-12.5	1316/1308	1308.5-09	1313-14	188,625 lots
Copper, Grade A (£ per tonne)						Total daily turnover 27,835lots
Cash	1233.5-34.5	1242.5-43.5	1234.5	1234.5-35		
3 months	1264-65	1272-72.5	1266/1268.5	1264.5-65	1263-63.5	103,684 lots
Lead (£ per tonne)						Total daily turnover 5,393 lots
Cash	292-93	297.5-98.5		295-95.5		
3 months	304.5-05	310-10.5	309/304	308-8.5	303-3.4	16,657 lots
Nickel ($ per tonne)						Total daily turnover 3,228 lots
Cash	7385-95	7437-38	7420	7415-20		
3 months	7475-85	7525-30	7585/7450	7510-15	7455-60	23,873 lots
Tin ($ per tonne)						Total daily turnover 1,180 lots
Cash	5865-75	5870-80		5865-70		
3 months	[illegible]	5880-90	5895/5885	5885-90	5885-90	7,161 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 19,707 lots
Cash	1370-3	1350-55	1370/1365	1366-67		
3 months	1292-93	1288-87	1298/1288	1290-91	1291-92	88,097 lots

LME Closing £/$ rate: SPOT: 1.7[illegible] 3 months: 1.7677 6 months: 1.7311 9 months: 1.7116

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	337.00-337.50	
Opening	337.80-338.00	
Morning fix	337.10	189.361
Afternoon fix	337.60	189.600
Day's high	337.80-338.10	
Day's low	336.90-337.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.08	6 months	3.24
2 months	3.10	12 months	3.40
3 months	3.13		

Silver fix	p/fine oz	US cts equiv
Spot	225.85	401.40
3 months	231.75	405.35
6 months	237.55	409.80
12 months	248.45	419.80

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	337.50-338.50	189.50-190.00
Maple leaf	348.00-349.00	195.25-195.75
New Sovereign	82.50-83.50	46.25-46.75

TRADED OPTIONS

Aluminium (99.7%)	Calls May	Calls Jun	Puts May	Puts Jun
Strike price $ tonne				
1200	94	103	3	3
1300	7	27	13	25
1400	3	3	105	100
Copper (Grade A)	**Calls**		**Puts**	
2150	57	67	3	4
2250	3	10	43	47
2350	3	3	143	136
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
700	39	69	11	17
750	13	40	35	38
800	4	22	76	70
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
575	27	54	14	14
600	15	38	27	23
625	8	28	45	38
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1900	67	-	6	
1950	37	48	23	
2000	16	30	42	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	339.0	337.8	338.5	338.5
Jun	339.3	337.9	339.4	338.6
Jul	340.2	338.8	0	0
Aug	341.2	339.6	341.3	340.1
Oct	343.0	341.7	342.5	342.1
Dec	346.0	343.7	346.0	343.8
Feb	347.3	346.0	0	0
Apr	349.6	348.3	0	0
Jun	352.1	350.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	355.4	347.4	355.9	348.5
Oct	359.3	351.7	359.5	353.0
Jan	359.4	351.8	359.0	353.5
Apr	360.9	359.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	399.7	398.6	401.0	398.5
Jun	401.2	400.2	0	0
Jul	402.5	401.5	403.5	401.0
Sep	405.7	404.7	406.5	404.5
Dec	410.5	409.5	411.5	410.0
Jan	412.2	411.2	0	0
Mar	416.0	415.0	416.0	416.0
May	419.9	[illegible]	0	0
Jul	423.9	422.9	421.0	421.0
Sep	428.5	427.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	99.25	99.85	99.95	99.15
Jun	99.50	100.15	99.65	99.45
Jul	99.80	100.45	100.60	99.70
Aug	100.00	100.65	0	0
Sep	100.20	100.85	100.90	100.10
Oct	100.20	100.85	0	0
Nov	100.25	100.90	0	0
Dec	100.30	100.95	100.90	100.30
Jan	100.10	100.70	0	0
Feb	99.90	100.65	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	9.45	9.39	9.54	9.15
Oct	9.05	8.95	9.08	8.80
Mar	8.98	8.88	9.01	8.77
May	8.85	8.85	8.82	8.43
Jul	8.87	8.87	0	0
Oct	8.81	0	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	20.83	20.85	20.94	20.72
Jul	20.86	20.89	20.97	20.76
Aug	20.84	20.87	20.88	20.78
Sep	20.76	20.82	20.87	20.72
Oct	20.58	20.76	20.82	20.66
Nov	20.62	20.70	20.73	20.58
Dec	20.56	20.66	20.69	20.55
Jan	20.50	20.57	20.57	20.50
Feb	20.45	20.49	20.44	20.44
Mar	[illegible]	20.42	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	5680	5690	5710	5640
Jul	5655	5677	5685	5625
Aug	5725	5723	5735	5695
Sep	5850	[illegible]	5865	5815
Oct	5935	5938	5935	5925
Nov	6020	[illegible]	[illegible]	6020
Dec	6095	6098	6115	6085
Jan	6120	6118	6110	6110
Feb	6005	6013	0	0
Mar	5785	5793	5800	5800

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	901	892	903	903
Jul	943	933	943	935
Sep	988	977	990	979
Dec	1035	1031	1040	1035
Mar	1081	1074	1082	1082
May	1111	1104	0	0
Jul	1139	1133	0	0
Sep	1159	1153	0	0
Dec	1207	1201	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	60.85	61.65	62.35	60.80
Jul	61.85	62.80	[illegible]	61.60
Sep	64.00	65.00	65.50	63.95
Dec	67.20	68.45	69.00	67.30
Mar	71.00	72.20	72.40	70.80
May	73.50	74.60	73.75	73.50
Jul	75.15	76.25	0	0
Sep	77.40	78.50	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	61.20	62.35	63.10	61.00
Jul	60.89	62.40	63.10	60.40
Oct	61.98	63.00	63.58	61.00
Dec	62.27	63.42	63.94	62.00
Mar	63.45	64.60	64.65	63.25
May	63.85	65.05	0	0
Jul	64.10	65.20	0	0
Oct	64.18	64.40	64.49	64.49

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	131.75	131.50	133.75	131.30
Jul	125.30	123.55	125.40	123.50
Sep	117.75	116.50	118.30	117.00
Nov	112.70	111.05	112.70	112.00
Jan	112.80	110.40	114.00	111.75
Mar	112.80	110.50	0	0
May	112.10	110.05	0	0
Jul	112.10	110.05	0	0
Sep	112.10	110.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

May.1	Apr.30	mnth ago	yr ago
1596.5	1604.5	1625.3	1726.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr.30	Apr.29	mnth ago	yr ago
Spot	-	118.01	118.04	-
Futures	-	116.57	121.31	-

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	583/6	574/2	584/0	573/0
Jul	590/2	580/2	591/0	578/2
Aug	594/4	583/4	594/4	582/2
Sep	597/4	587/4	598/4	586/4
Nov	604/6	594/4	605/0	592/4
Jan	614/0	603/0	614/0	602/4
Mar	622/4	612/4	622/4	611/0
May	629/0	619/4	629/0	619/0
Jul	634/4	625/0	634/4	625/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	19.73	19.32	19.74	19.22
Jul	20.03	19.58	20.05	19.49
Aug	20.17	19.73	20.17	[illegible]
Sep	20.32	19.88	20.34	19.83
Oct	20.47	20.04	20.50	20.00
Dec	20.78	20.36	20.80	20.22
Jan	20.90	20.48	20.95	20.90
Mar	21.10	20.75	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	174.5	172.5	175.3	172.8
Jul	177.9	176.2	178.5	175.8
Aug	179.1	177.4	179.8	177.2
Sep	180.4	178.7	180.8	178.5
Oct	197.8	196.1	198.3	195.9
Dec	197.6	196.2	[illegible]	196.0
Jan	198.0	198.3	198.0	196.7
Mar	199.0	197.2	199.8	197.2

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	247/6	[illegible]	249/2	243/4
Jul	253/2	249/4	255/0	249/6
Sep	252/2	248/0	254/2	247/4
Dec	252/6	247/4	254/6	246/4
Mar	260/4	255/2	262/2	254/6
May	264/6	259/6	266/0	261/0
Jul	269/5	264/0	269/6	263/2
Dec	258/0	254/4	259/4	256/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	378/0	372/2	379/2	371/0
Jul	359/0	353/4	361/4	352/6
Sep	363/6	357/4	364/4	356/0
Dec	370/0	364/0	372/0	365/0
Mar	371/0	364/0	371/0	363/0
May	359/0	357/0	359/0	357/4
Jul	342/0	340/4	342/0	341/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	73.275	73.100	73.750	73.125
Aug	70.225	69.850	70.600	69.950
Oct	69.800	69.400	70.175	69.500
Dec	69.550	69.250	69.825	69.150
Feb	68.050	68.825	69.400	[illegible]
Apr	70.325	69.975	70.650	70.050
Jun	68.200	67.700	68.400	68.050

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	[illegible]	48.100	48.400	47.675
Jul	46.025	46.075	46.260	45.650
Aug	43.825	43.775	44.100	43.650
Oct	40.775	40.700	41.000	40.525
Dec	43.025	42.725	43.075	42.550
Feb	44.050	43.500	44.200	43.450
Apr	42.400	42.200	42.400	42.300

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	34.850	35.150	35.250	34.575
Jul	34.400	34.625	34.900	34.250
Aug	32.000	32.300	32.475	32.000
Feb	42.850	42.725	43.150	42.650
Mar	42.150	42.025	42.350	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling slips on rates moves

THERE was very thin trading on the foreign exchange markets yesterday as most of continental Europe was on holiday, *writes James Blitz*. But sterling captured most attention as the Bank of England signalled through its money market operations that it may wish to see a cut in UK base rates by at least ¼ per cent next week.

As news filtered out from the UK markets in the morning, sterling dipped to DM2.9291, although one economist said that this had more to do with traders speculating on another hike in German interest rates rather than uncertainty in the pound. In the afternoon, the pound picked up again but still finished at DM2.9300, down from a previous close of DM2.9325.

According to Mr Paul Chertkow, chief currency analyst at Citibank in London, the prospect of a ¼ per cent drop in UK interest rates would strengthen the pound rather than weaken it. "A drop of ¼ per cent would show that large base rate movements will not be a prominent part of UK policy in future," he said. In the past, the British government has regularly signalled adjustments in rates by a half or one per cent.

The dollar continued to suffer on European markets after America's political and economic difficulties had lost the currency some ground in overnight trading.

Asian markets had pushed the dollar down to DM1.6430 on rumours that the Federal Reserve was about to ease interest rate policy still further.

By yesterday afternoon in London, the dollar was skidding further to test support around DM1.6400, as the market chose to focus on the negative aspects of yesterday's economic data from the US.

Both March construction spending and the Michigan University consumer confidence survey showed stronger growth. But they were outweighed in the market's eyes by a surprising fall of 51.3 in the National Purchasing Management survey in April as opposed to 54.1 in March.

By the time trading had opened in New York, confidence in the dollar was being tested further by news of the continuing riots in Los Angeles. One currency dealer in San Francisco said that the rioting was adding to the negative dollar sentiment now. Investors, he said, were concerned about potential financial pressure on municipal and federal governments from the costs of rebuilding and from tourism loss.

The dollar closed in London at DM1.6410, down over a pfennig from its previous close of DM1.6525. In early trading in New York, it was testing the downside of DM1.6355. The US currency was also down on the yen, closing in London at Y132.70, down Y133.35 on its previous close.

£ IN NEW YORK

May 1	Latest	Previous Close
£ Spot	1.7850-1.7860	1.7770-1.7780
1 month	1.04-1.02pm	1.02-1.00pm
3 months	2.77-2.74pm	2.83-2.80pm
12 months	8.85-8.75pm	9.00-8.90pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7850	1.7748	1.7574	1.7330	1.6965
D-mark	2.9300	2.9276	2.9275	2.8900	2.9223
French Fr.	9.8800	9.8220	9.8490	9.8420	9.8400
Swiss Fr.	2.6775	2.6735	2.6484	2.6583	2.6380
Yen	236.75	235.60	233.45	230.19	224.70

EMS EUROPEAN CURRENCY UNIT RATES

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Pesets per 100

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

BANK RETURN

BANKING DEPARTMENT	Wednesday April 29, 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	99,710,429	-	3,299,059
Bankers Deposits	[illegible],701	-	57,311,423
Reserve and other Accounts	3,788,394,248	+	41,258,435
	5,404,050,476	-	19,352,057
ASSETS			
Government Securities	1,531,121,175	+	7,075,000
Advance and other Accounts	2,712,148,818	+	247,545,013
Premises Equipment & other Secs	1,153,835,632	-	274,315,765
Notes	6,722,254	-	572,112
Coin	222,597	+	14,807
	5,404,050,476	-	19,352,057
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,013,277,746	-	329,427,888
Notes in Banking Department	6,722,254	-	572,112
	16,020,000,000	-	330,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	9,469,134,553	-	1,396,299,713
Other Securities	6,539,850,347	+	1,066,299,713
	16,020,000,000	-	330,000,000

BASE LENDING RATES

MONEY MARKETS

Rates shaved again

THE BANK of England yesterday gave what many dealers regarded as a clear signal that it wants to see a ¼ per cent cut in UK base rates next week.

For the third successive day, it shaved dealing rates at the long end of the discount market, triggering corresponding falls in rates in the interbank and futures market.

In early operations, the Bank bought bills in Bands-3 and -4 at rates $\frac{1}{16}$ lower than those agreed the previous day. It bought £2m of Band-3 bills at $10\frac{1}{16}$-$\frac{1}{4}$ per cent and £8m of Band-4 bills at $9\frac{15}{16}$-$\frac{15}{16}$ per cent. On the two previous days, the Bank had also reduced the rates at which it bought bills at the long end.

After posting a shortage of £2.01bn in the morning, the Bank also bought £2bn of repurchase agreements for resale to the market on 8 May at $10\frac{5}{16}$ per cent.

Rates in the interbank market fell as the market discounted a ¼ per cent cut in base rates next week. The rates for 3-month money fell from 10¼-⅛ per cent on Thursday to 10⅛-¼ yesterday. Rates for overnight money also fell to 10½-⅜ per cent.

In the futures market, the June Short sterling contract ended at around 89.86 having closed on Thursday at around 89.72. That closing figure suggests that the market believes that interest rates in June will be at around 10.14 per cent.

Many dealers saw these reductions yesterday as a process by which the Bank might get the foreign exchange market accustomed to a gradual decline in trading rates in the UK's money markets. "The authorities are leading money rates gradually down while at the same time keeping an eye on sterling's position within the ERM," said one senior dealer at a discount house.

However, some city economists believe that a cut in rates next week may be a risk. "In Germany, the Bundesbank may increase rates in the near term and there is speculation that they will do so at the Bundesbank General Council meeting next Thursday," said one city economist. There is also a fear that the retail price index in Britain due out on May 15 may show a rise in inflation, undermining any interest rate cut.

In Frankfurt, the money market was closed yesterday for the May day holiday.

UK clearing bank base lending rate
10.5 per cent
from September, 4

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2208

Exchequer 10½% Stk 2005 – £109¾
Guaranteed Export Finance Corp PLC 11¼% Gtd Nts 1994 (Br – £102⅝ ¾ (24Ap92)
12¾% Gtd Ln Stk 2002(Reg) – £120¾

Corporation and County Stocks

No. of bargains included 4

Birmingham District Council 11½% Red Stk 2012 – £108

Tesco PLC 10⅜% Bds 2002 (Br £Var) – £101¼
Tesco Capital Ld 9% Cnv Cap Bds 2005(Reg £1) – £129 30¼ ½ 1¼
9% Cnv Cap Bds 2005(Br£5000&10000) – £130½ ¼ (29Ap92)
Thames Water PLC 9½% Cnv Subord Bds 2006(Br£5000&50000) – £119♦
THORN EMI Capital NV 5¾% Gtd Red Cnv Prf 2004 (Br£5000) – £128¾
United Biscuits Finance NV 5¾% Gtd Red Cnv Prf 2003 – £138 (24Ap92)
Wellcome PLC 9½% Bds 2006 – £95¾ (29Ap92)
Woolwich Building Society 11⅝% Subord Nts 2001 – £103¾ 4

Hungarian Investment Co Ld Warrants to sub for Ord – 57 (27Ap92)
Investors Capital Trust PLC 5½% Cum Prf Stk – 045 6 (29Ap92)
7¾% Deb Stk 92/97 – £95
Law Debenture Corp PLC 4½% Deb Stk(Perp) – 240
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Liquid Assets Fund – £10♦
Leveraged Opportunity Trust PLC Zer Cpn Cnv Uns Ln Stk 98/99 – £98 (24Ap92)
Lloyds Smaller Co's Inv Tst PLC Package Units (Comp 1Div&1CapShare) – 104 (29Ap92)
Dividend Shs 1p – 38.98 9
Capital Shs 1p – 67 (29Ap92)
Ord 25p – 76 7
Monks Investment Trust PLC 11% Deb Stk 2012 – £116 (29Ap92)
Moorgate Smaller Co's Inc Trust PLC Ord 25p – 116 ½ 2½
Wts to Sub for Ord – 37 9
Morgan Grenfell Equity Inc Tst PLC Ord 25p – 95 5 6 8
Wts to Sub for Ord – 18 9

10% Prf £1 – £0.82
Wynnstay Properties PLC 25p – £0.55♦
Yates Bros Wine Lodges PLC Ord 25p – £0.85 (29Ap92)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv A$1.81 (28/4)
Aust. Oil & Gas 25.0
Cape Range Oil 15.0
City Developments S$2.44
Far East Hotels & Entertainment FF0.44♦ (28/4)
Harland (John H) Co $22.63♦ (29/4)
Keystone International $23.5♦ (27/4)
Kulim Malaysia Ord 22.0 (28/4)
Mount Martin Gold Mines A$0.40 (29/4)
National Electronics Holdings 0.5, 2.5 (29/4)
Niugini Mining £1.16♦
North Flinders
Oil Search 33.0 (29/4)
Robinson & Co S$5.8325 (24/4)
Singapore Land S$4.86 (24/4)
United Overseas Land S$1.5225 (24/4)
Westfield Minerals 44.0
Wong Industrial Holdings HK$2.424 (27/4)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Hopes of rate cut boosts equities

By Steve Thompson

Account Dealing Dates		
*First Dealings:		
Apr 6	Apr 27	May 11
Option Declarations:		
Apr 23	May 7	May 28
Last Dealings:		
Apr 24	May 8	May 29
Account Day:		
May 5	May 18	Jun 8

*New-time dealings may take place from 8.30 am two business days earlier.

A SESSION expected to be nothing more than a winding down period for the Bank Holiday weekend provided plenty of thrills and spills and saw the *Footsie index stage another* strong, but ultimately unsuccessful, dash at the market's all-time peak.

A buoyant performance by equities rounded off a week that included Lloyds Bank's *considered* £3.7bn counter offer to the agreed merger between Hongkong & Shanghai Banking and Midland, plus a series of big placings and a successful outcome to the UK's biggest ever auction of gilts.

The trigger *for the latest* in a series of impressive showings by equities was a growing belief in the market that the Treasury had rubber-stamped a cut in UK domestic interest rates and that such a move would probably take place on Tuesday morning. A reduction of a quarter of a point was confidently predicted while many observers said a cut of a half point was quite feasible.

Gilt-edged stocks bounded ahead, with the authorities sufficiently encouraged to issue a further £1.1bn-worth of stock, comprising £900m of tap stocks and £200m in index-linked stock. Longer dated issues closed around a half point higher. The equity market began the session some 6 points up *at 2,660.1*, on the interest rate cut story and also in sympathy with the firm performance by Wall Street on Thursday evening.

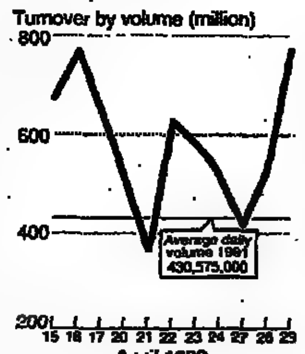
With no immediate indications that a rate cut was imminent, the equity market *fell* back to show a near four-point decline within an hour of the opening, before embarking on a determined upward move. This was accompanied by keen demand for the Footsie future, *which pushed confidently* through the 2,700 mark. At its best level of the day, 2,672.7, *the underlying index was some* seven points off its all-time closing high, reached last September. Thereafter, Footsie buying interest, and the general level of business began to tail off as marketmakers *awaited what was expected to* be a twitchy opening by Wall Street in the wake of the devastation caused by the riots on the west coast.

London's caution was well founded with the Dow Jones *Average down more than 25* points as the Footsie ended the session 5.7 off at 2,659.8, although 16.8 higher over the week. Turnover reached 683.8m shares, heavily boosted by the placing of a block of 24m shares in Kalon, carried out jointly by Smith New Court and James Capel.

● *Retail, or customer business*, in London continued at high levels this week amid hopes that the economy is emerging from recession.

London SE volume

Turnover by volume (million)



Zantac fears hit Glaxo

PRESS reports from the US casting doubts over Glaxo's number one drug, Zantac, hit the shares in late trading and *they fell sharply against the* market.

When trading began, the shares were up on positive news about Glaxo's anti-migraine drug announced on Thursday. However, a report of tests by researchers in Houston Texas suggested that antibiotics might be more effective in treating ulcers than the *class of drugs* which includes Glaxo's Zantac and SmithKline Beecham's Tagamet. Glaxo, for which Zantac represents about 75 per cent of profits dropped 24 to 720p. Turnover of 4.6m was higher than usual. Tagamet *represents but a third of* SmithKline's profits and the shares fell only 4 to 855p.

UK analysts said the effectiveness of anti-biotics on ulcers had been debated for some time in Europe but was not widely considered in the US. Consequently, when Wall Street opened Glaxo's US-held stock was sold and the UK shares followed suit.

Lasmo disappoints

An announcement by oil exploration group Lasmo that it is to float off its downstream assets in *California* upset a market expecting a quick sale. The shares fell 21 to 217, the biggest percentage drop of all the FT-SE 100 stocks, with a hefty 7.9m traded.

Oil analysts had calculated *at £800m* the book value of the assets acquired after Lasmo's takeover of Ultramar last year. Bears like County NatWest believed Lasmo would get at least £700m whereas more optimistic securities houses were looking for a figure closer to the book value. In the event, Lasmo expects to raise around £100m less than the lower forecast.

Also, there was disappointment that, rather than hear something concrete yesterday, the market will have to wait until a flotation scheduled for June.

Ratners bid talk

Jeweller Ratners was steady at 20½p, but climbed 5¼p during the course of the week on rumours of a possible bid. Turnover yesterday remained strong at 11m shares.

Kingfisher, holding company of the Woolworth to B & Q Group, is known to have further acquisitions in mind and was suggested as possibly stalking Ratners, but Kingfisher's shares rose 2 to 544p and analysts had doubts about the bid talk. It was pointed out that there is a big debt problem to overcome and any company *looking at Ratners at* present is likely to be put off after looking at the balance sheet.

Composite insurers performed well as securities house Smith New Court advised clients that the time was ripe to pick them up. Mr Stephen Bird, Smith's insurance analyst said the recent rise in the stockmarket was a boost for the insurers which held about 28 per cent of their investment in equities and mainly in the UK. He added that there was *"growing momentum for* higher commercial insurance rates" following the increase in personal rates last year.

Mr Bird added that he did not expect the sector to be hit by the riots in the US.

Commercial Union, which has underperformed since the general election, gained 11 to 481p. Mr Bird strengthened his *buy stance on Commercial and* on Sun Alliance, which he said was the group most exposed to UK equities and to the UK. Sun rose 5 to 298p. He also lifted his stance on Royal Insurance from sell to hold while Carr Kitcat & Aitken was recommending it as a speculative buy. The shares lifted 9 to 224p.

The two-way pull continued *in BP which saw heavy turn*over of 19m shares and ended the day only 2 stronger at 270p after being 8 better at one stage. US investors were said *to be back on the bid the previ*ous night and now hold 13.8 per cent of BP in the form of American Depositary Receipts *(ADRs). US buying had taken* the ADRs up to the sterling equivalent of 275p and, the shares reached that level in the UK but then ran into heavy selling and ticked back again.

Troubled conglomerate Lonrho dived 16 early in the session after a press report said the US Government was investigating the company's links with Libya including a deal involving Lonrho's north American hotels. Last month, the company sold a third of its holding in London's Metropole hotel for £177.5m to Libya.

The shares had been one of *the week's leading* recovery stocks but retreated on the news. However, buyers emerged at the lower levels, sending the shares forward to recover some of the lost ground and eventually ended 11 lighter at 95p on reasonable turnover of 5.2m shares.

Utilities were firm as the reporting season approaches. Analysts have noted an unravelling of the Electricity Package of late, down 5 at £3,193 yesterday, as investors anticipate what may be the best stocks when the package splits in September.

Among water stocks, North West, one of the earliest due to report, continued to attract support, rising 8 to 435p.

Allied-Lyons weakened against the trend in the brewing and drinks sector, losing 6 to 639p as Lehman Brothers downgraded the stock from a buy to attractive, on worries about spirit sales.

Media stocks continued to attract US investors. Saatchi & Saatchi rose 3¼ to 23¼p with 52m traded, making a turnover of 92m in two days.

MEPC finished 14 higher at 358p following rumours that the company *has let its Alban* Gate office development in London.

Food group Albert Fisher rose 5 to 77p, still boosted by recent presentations in the US.

Turnover was a hefty 10m *shares, but down on Thurs*day's 17.1m. Analysts said it was not yet clear what impact the US riots would have on Albert Fisher's operations in Los Angeles.

reported to have been the beneficiary of a profits upgrading from UBS Phillips & Drew remained a good market adding another 6 to 294p. Turnover at 2.8m *shares was down* on Thursday's high figure.

Turnover in Kalon Group, the paints and chemicals group, unchanged at 106p, rose to 48m after Smith New Court and James Capel together placed 24m shares on the behalf of the past chairman, Leslie Silver, and his family.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Colin Millham.

■ Other market statistics, Page 10.

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (269). BRITISH FUNDS (3) Tr. 8¾pc 1997, Ex. 10½pc 1997, Tr. 9¾pc 1999, OTHER FIXED INT. (7) African Dev. 11¼pc '10, B'ham. 11½pc '12, Leeds 13½pc '06, L'pool. 3½pc Irrd., LCC 3pc '20, M'chester 11½pc '07, Met. Wtr. 3pc B, BANKS (1) TSB Channel, BREWERS (4) Grand Met., Guinness 5¾pc Pf., Mansfield, Vaux, BLDG. MATLS. (6) Manders, Marley, Polypipe, Ransus, St. Gobain, Wickes, BUSINESS SERVS. (7) BPP, Gardner (DC), Hays, Hutchison Whmp., Penna, Securiguard, Sherwood Comp., CHEMICALS (7) Brent, Evode 7p Pf., Hickson, Leigh 6pc Pf., Monsedison, Plysu, Yorkshire, CONGLOMERATES (2) Bodycote, Goode Durrant, CONTG. & CONSTRCTN. (11) Bell (AH), Crest Nichol. 6½pc Pf., EBC, Hewden-Stuart, How, Howard, Laing, Do. A, Tay Homes, Westbury, Wiggins, ELECTRICALS (4) Clarke, Essex 8¼pc Pf., Jones Stroud, Pifco, Do. A, ELECTRICITY (8) Manweb, Norweb, Southern, Sth. Wales, Yorkshire, ELECTRONICS (15) AB, ACT, Acorn Comp., Admiral, Astec, Bowthorpe, Diploma, El'comps, Eurotherm, Farnell, ISA Intl., Logica, Macro 4, Misys, Norsk Data A, Polar, TGI, Telemetrix, Vistec, ENG. AERO. (1) Ipeco, ENG. GEN. (13) Adwest, Beauford 7p Pf., Brammer, Clayhithe, Concentric, Dobson Park, Hobson, Howden, Rotork, Senior, Spirax-Sarco, Transtec Tech., Vosper, FOOD MANUFCTG. (2) Barr, Nichols Vimto, FOOD RETAILING (8) Diary Farm, Greet, Iceland, Morrison (Wm.), Do. 5¼pc Pf., Shoprite, HEALTH & HSEHOLD. (8) Community Hosp., Huntleigh Tech., Inspirers, Life Sciences, Scholl, HOTELS & LEIS. (4) First Leis., Pickwick, Queen Most, Ramsden's, INSCE. COMPOSITE (2) Domestic & Gen., UIF & G, INSCE. LIFE (1) Liberty Life Assoc., INV. TRUSTS (35) Alliance, Baring Tribune, Br. Assets, Br. Empire Secs., City Oxford Zero Pf., Dunedin Inc. Growth, EFM Inc. Zero Pf., Equity Consort, Do. Deld., Exmoor Dual Zero Pf., First Ph'pine Wrnts., Flmg. High Inc., For. & Col. Smlr. Co's., G'more Am. Secs. Zero Pf., G'more scot. Zero Pf., G'more Value Zero Pf., Henderson Highland, Henderson Strata, Hong Kong, Do. Wrnts., I & S Opt. Zero Pf., Jos. K'wort High Inc. Zero Pf., Law Deb., Lloyds Smlr. Co's Cap., Manakin, Melville Str., Merchants, Monks, Murray Smlr. Mkts., Do B, Murray Split Cap. Zero Pf., New Zealand, North Brit. Can., Olim Zero Pf., Pacific Assets, Paribas French, Rights & Issues, Riv. & Merc. Smlr Co., Riv. & Merc Tst. Inc., Scot. Natl. Zero Pf., Scot. & Merc., Do. A, Scot. Natl. Stpd. Pf., Second Alliance, Second Market, Shires, TR City of Lon. Deld., TR High Inc., TR Tech. Stpd. Pf., Templeton Emrg. Mkts., Do. Wrnts., Do. 1pc Ln. 2001, Throgmorton Wrnts., Throgmorton USM, USDC, Whitbread Inv., MEDIA (11) City of Lon, Euromoney, Gold Greenlees, Headline Book, Johnston Press, Pearson, Saatchi, Scot. TV, Trinity, Utd. News., Watmoughs, MERCHANT BANKS (3) Barings 8pc Pf., Do. 9¾pc Pf., Warburgs, MET. & MET. FORMING (1) Cl. Cook (Wm.), MISC. (15) Applied Hologs., Benson, Silston & G. Calderburn, Feller Press, Lambert Howarth, Nobo, P'meirion Potts., Shanks & McEwan, Time Prods., MOTORS (5) Avon Rubber, Blenchley, Bostrom, ERF, Evans Halshaw, Sanderson M.E., OIL & GAS (3) Ex. of Louis. A, Kingston, Norsk Hydro, OTHER FINCL. (8) Carlisle 4.38pc Pf '98, First Natl. Fin., INVESCO MIM, M & G, MAI S & U 31½pc Pf., Smith New Court, Do. Cv. Pf., OTHER INDL. MATLS. (5) Assoc. Br. Eng., Do. 6pc Pf., BTR Wrnts. '94-98, Elson, Neotronics, Penny & Giles, Servomex, Whitecroft, PACKG. PAPER & PRNTG. (12) Bowater, Br. Polythene, Do. 7½pc Pf., Bunzl, Delyn, Ferguson, Kymmene, Low & Bonar, Sent Cowells, Smith DS, St. Ives, Stora B, Waco 8pc Pf., PROP. (1) SDA, STORES (7) Betterware, Brown & Jackson, Church, Clinton Cards, Courts, Partridge Fine, World of Leather, TEXTS. (9) Alex. Workwear, Celestion, Dewhirst, Foster J, Hicking Pentecost, Hollas, Hse of Lerose, Lyles, Shani, TRANSPORT (8) BAA, Br. Airways, Do. 9¾pc Cv., Dawsongroup, Ocean Wilsons, Vard, WATER (7) Anglian, North West, Northumbrian, Severn, Southern, Welsh, Yorkshire.

NEW LOWS (30). CANADIANS (1) BC Gas, BLDG. MATLS. (2) Explaura, Plasfixsei, BUSINESS SERVS. (1) Chiltern Cap., CONTG. & CONSTRCTN. (1) NSM, ENG. GEN. (2) Kvaerner B, West Inds., HOTELS & LEIS. (1) Savoy, INSCE. COMPOSITE (1) Skandia, INV. TRUSTS (4) Archimedes Inc., First Spanish, Jakarta, Singapore SESDAQ, MEDIA (1) Chiltern Radio, MERCHANT BANKS (1) Brown Shipley, OIL & GAS (2) Global Natl., Trident, PACKG. PAPER & PRNTG. (1) Wardworth, PROP. (4) Moorfield Ests., Mountleigh, Do. 6¾pc Pf., Warnford, STORES (1) Dutnes, TELEPHONE NETWORKS (1) Nth. Telecom, TEXTS. (1) Lowe (RH), TRANSPORT (1) Norex, MINES (6) Central Pac., Elandsrand, Emperor, Harmony, Indonesian Diamond, Metana Minerals.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	70	0	9	215	99	77
Other Fixed Interest	14	0	3	40	15	30
Commercial, Industrial	413	210	832	2,109	1,035	4,147
Financial & Property	219	88	483	967	475	2,516
Oil & Gas	30	10	48	133	57	250
Plantations	0	1	8	4	4	37
Mines	26	29	92	124	126	485
Others	30	26	87	205	197	518
Totals	802	364	1,562	3,797	2,008	7,860

FINANCIAL TIMES STOCK INDICES

	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.61	88.49	88.61	88.51	88.53	84.88	88.82 (15/4)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	102.98	102.78	102.94	102.80	102.53	94.30	102.98 (1/5)	97.15 (2/1)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	2081.7	2073.3	2078.5	2081.2	2073.7	1973.9	2081.7 (1/5)	1851.4 (3/4)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	108.0	107.9	108.8	107.3	107.4	143.5	160.6 (10/1)	106.8 (29/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2659.8	2654.1	2664.9	2651.0	2658.2	2522.7	2664.9 (29/4)	2382.7 (3/4)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1223.64†	1222.07	1224.53	1217.07	1219.54	1171.62	1224.53 (29/4)	1120.52 (6/1)	1224.53 (29/4/92)	838.82 (16/1/91)
●Ord. Div. Yield	4.38	4.39	4.37	4.40	4.39	4.67				
●Earning Yld % (full)	6.28	6.31	6.27	6.31	6.30	8.74				
●P/E Ratio (Net)(☆)	19.96	19.92	20.07	19.91	19.97	14.08				
SEAQ Bargns 5.00pm	27,423	27,969	29,823	29,278	32,415	25,292				
Equity Turnover (£m)†	-	1471.1	1371.8	1209.6	981.9	775.62				
Equity Bargains†	-	32,960	33,991	34,604	35,920	25,072				
Shares Traded (ml)†	-	659.3	781.3	532.5	430.3	408.3				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.61 † Partial

Ordinary Share Index, Hourly changes Day's High 2088.9 Day's Low 2073.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2079.3	2076.3	2076.4	2081.5	2087.9	2086.6	2085.8	2087.0	2081.8

FT-SE 100, Hourly changes Day's High 2672.7 Day's Low 2650.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2660.1	2654.1	2655.5	2664.3	2671.5	2668.7	2665.5	2668.4	2680.4

FT-SE Eurotrack 200, Hourly changes *Day's High 1225.68* *Day's Low 1221.25*

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1221.27	1222.88	1224.29	1226.30	1225.88	1224.64	1225.00

GILT EDGED ACTIVITY

Indices*	Apr 30	Apr 29
Gilt Edged Bargains	99.6	113.5
5 – Day average	96.9	97.4

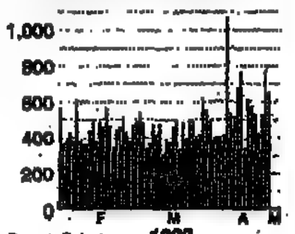
*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index Tel. 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



Source: Datastream 1992

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	49	455	+20	Comm. Union	867	481	+11	Lucas	1,300	140	+2	Shell Transport	6,200	486	+7
ASDA Group	14,000	28½	+½	Cookson	2,500	152½	+3½	MB Caradon	59	302		Siebe	494	497	+3
Abbey National	1,400	296	-7	Courtaulds	688	602	+5	MEPC	335	356	+16	Slough Ests	625	193	+4
Albert Fisher	10,000	77	+5	Dalgety	1,200	408	-1	Manweb	599	374	+1	Smith (WH) A	314	462	-3
Allied-Lyons	1,400	639	-6	De La Rue	87	578	-2	Marks & Spencer	5,700	307½	-2½	Smith & Nephew	5,400	151½	+1½
Amstrad	995	34	+1	Dixons	1,600	358	+1	Midland Bank	1,400	381	+1	Smkl Beecham	2,700	555	-4
Anglian Water	1,800	421½	-½	ECC Group	476	560	+5	Midlands Elect	541	305	-2½	Smkl Beecham Uts	324	503	-3
Argos	613	282	-1	Eastern Elect	1,300	279	-3½	NFC	1,100	267		Smiths Inds	1,300	311	-3
Argyll Group	4,800	359	-3	East Midland Elect	377	298	-1	NatWest Bank	2,400	330	-1	Southern Elect	390	302	
Arjo Wiggins	844	280	+3	Enterprise Oil	1,400	430	+2	National Power	713	276	+2	South Wales Elect	221	[illegible]	-3
Ass. Brit. Foods	343	428	+1	Eurotunnel Units	307	381		Next	2,500	64½	-½	South West Water	650	424	+6
Ass. Brit Ports	161	408	+1	FKI	2,800	77		North West Water	1,200	445	+8	South West Elect	775	307	-2
BAA	1,400	630	+15	Fisons	3,800	390	+6	Northern Elect	1,200	315	-1	Southern Water	588	412	+6
BAT Inds	4,700	787	+7	Forte	1,000	245	+2	Northern Foods	184	186	-5	Standard Chartd	730	474	-1
BET	1,900	142	-2	Gen. Accident	955	477	+9	Norweb	686	367	-1	Storehouse	647	[illegible]	
BICC	1,200	391	-15	General Elect	6,400	227	+2	Pearson	379	701	+8	Sun Alliance	2,400	298	+5
BOC	693	714	-4	Glaxo	4,800	720	-24	P & O	624	545	+4	TSB	1,500	138	+1
BPB Inds	1,700	193	+4	Glynwed Intl	243	369	-2	Pilkington	1,800	154		TI Group	1,700	[illegible]	
BTR	1,800	497	+3	Granada	1,200	308	+3	PowerGen	874	234	+3	T&N	1,700	141	-1
Bank of Scotland	1,800	118	+1	Grand Met	3,500	465	+10	Prudential	3,400	244	-3	Tarmac	[illegible]	144	+2
Barclays	3,400	345		GUS A	323	1579	+22	RHM	449	230		Tate & Lyle	2,400	402	-1
Bass	1,800	605	+7	GRE	3,300	145	+4	RMC	132	640	-3	Taylor Woodrow	1,200	114	+3
Berisford Intl	241	21½		GKN	831	385	-1	RTZ	1,100	626	+1	Tesco	5,900	278	+1
Blue Circle	1,700	274	+2	Guinness	2,200	607	+7	Racal	2,400	60½	+½	Thames Water	1,800	440	-2
Booker	334	444	+8	Hammerson 'A'	97	374	+7	Rank Org.	1,100	738	+10	Thorn EMI	532	851	+4
Boots	2,400	472	+8	Hanson	5,300	232½	+3	Reckitt & Colman	525	657	-1	Tomkins	700	446	+1
Bowater	348	816	+1	Hanson Warrants	780	25¼	+½	Redland	2,000	532	-7	Trafalgar House	2,100	100	+2
Brit. Aerospace	2,700	308	-7	Harrisons Crosfield	973	142	-1	Reed Intl	927	582	+5	Unigate	894	334	+2
British Airways	2,800	293	+4½	Hillsdown	1,500	198	-1	Rentokil	161	407	-8	Unilever	775	[illegible]	-2
British Gas	8,100	284	+5	IMI	3,200	287	-2	Reuters	614	1190	+11	United Biscuits	1,100	412	+4
British Land	1,000	302	+4	ICI	835	1383	+1	Rolls Royce	4,300	172	-2	Utd Newspapers	1,900	438	+15
BP	19,000	270	+2	Inchcape	2,300	508	-5	Rothmans	514	1145	-3	Vodafone	3,300	348	+2
British Steel	11,000	80½	-1½	Kingfisher	1,300	544	+2	Ryl Bk Scotland	2,100	182	-2	Warburg (SG)	257	665	+6
British Telecom	5,300	349	+1	Kwik Save	1,120	619	+13	Royal Insurance	2,200	276	+8	Wellcome	277	1086	+6
Br. Telecom New	3,800	124	+1	Ladbroke	2,400	252	+1	Saatchi	12,000	23¼	+3½	Welsh Water	[illegible]	494	
Bunzl	1,800	110	+1	Land Securities	1,000	449	+13	Sainsbury	1,000	457	-2	Wessex Water	500	481	+3
Burmah Castrol	611	682		Laporte	681	630	-9	Scottish & New	2,600	473	-1	Whitbread 'A'	2,900	468	+11
Burton	1,300	47	+1	Legal & General	1,000	374	-1	Scot. Hydro-Elect	338	163	+1½	Williams Hldgs	880	344	-1
Cable & Wire	2,800	597	+4	Lloyds Abbey	325	408	-3	Scottish Power	741	175	-½	Willis Corroon	1,300	266	
Cadbury Schweppes	789	489	+1	Lloyds Bank	3,000	407		Sears	2,300	102	-1	Wimpey	678	179	+2
Calor Group	500	328	+4	LASMO	7,900	217	-21	Sedgwick	720	213	+4	Wolseley	476	446	-1
Carlton Comms	489	618	-1	London Elect	886	321	-6	Seeboard	619	326	-2	Yorkshire Elect	379	307	+2
Coats Viyella	2,800	223	+2	Lonrho	5,300	95	-11	Severn Trent Water	580	397	+6½	Yorkshire Water	199	460	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

DEALERS reported a calm session in stock index futures which nevertheless breached the 2,700 level for the second time this week, writes Joel Kibazo.

The June contract on the FT-SE started the session at 2,685, a 24-point premium to the underlying cash market but quickly declined due to lack of interest to 2,675 by 9.20am. Then, a sharp turnaround was recorded and June advanced, boosted by a slight squeeze and talk of a cut in UK base rates, sending the contract to 2707 by midday. Real business remained slow with a mere 2,000 contracts traded by 11am.

June ran into sellers in the afternoon and drifted lower to close at 2,697, around 19 points above its estimated fair value premium to cash of about 18. Turnover was a poor 4,922 by the close.

The traded options market also had a quiet session with turnover reaching only 26,093 lots. The FT-SE option traded just 3,623 lots while the Euro-FTSE recorded a mere 476 contracts in total. Asda was the top traded stock option recording a total of 4,130 lots, with the January 35 calls the busiest series. It was followed by BP at 3,424 and then by Allied Lyons in which 1,550 trades were dealt.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Thursday April 30 1992

Water	+	29.69	Brewers & Distillers	+	11.32
Motors	+	25.73	Industrial Group	+	10.39
Textiles	+	23.34	Other Groups	+	9.99
Building Materials	+	22.94	Banks	+	8.73
Other Industrial Materials	+	20.77	500 Share Index	+	8.64
Engineering-Aerospace	+	20.72	All-Share Index	+	7.94
Capital Goods	+	19.79	Electricity	+	7.59
Metals & Metal Forming	+	18.47	Consumer Group	+	7.40
Contracting, Construction	+	18.35	Investment Trusts	+	5.26
Packaging, Paper & Printing	+	17.58	Business Services	+	4.24
Engineering-General	+	16.90	Financial Group	+	3.56
Media	+	16.87	Food Manufacturing	+	3.44
Food Retailing	+	16.40	Insurance Brokers	+	1.08
Hotels & Leisure	+	15.87	Telephone Networks	+	0.93
Electronics	+	15.66	Insurance (Life)	-	0.21
Merchant Banks	+	15.43	Insurance (Composite)	-	1.80
Stores	+	14.56	Oil & Gas	-	4.37
Electricals	+	14.24	Health & Household	-	5.76
Chemicals	+	13.96	Property	-	10.76
Transport	+	12.59	Gold Mines Index	-	21.75
Conglomerates	+	12.25			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	103.9305	-0.136	9.40	9.69	9.91
BELGIUM		9.000	08/01	100.8500	+0.050	8.85	8.89	8.89
CANADA *		8.500	04/02	98.3500	+0.700	8.75	8.83	8.83
DENMARK		9.000	11/00	101.0500	+0.050	8.61	8.60	8.72
FRANCE	STAN	8.500	03/97	99.4944	+0.075	8.65	8.94	8.89
	OAT	8.500	11/02	98.5000	+0.100	8.70	8.74	8.72
GERMANY		8.000	01/02	100.0300	+0.010	7.98	8.00	8.02
ITALY		12.000	02/02	98.3900	+0.000	12.29†	12.33	12.40
JAPAN	No 119	4.800	06/99	94.1000	+0.210	5.97	5.93	5.86
	No 129	6.400	03/00	104.0618	+0.365	5.65	5.66	5.63
NETHERLANDS		8.250	02/02	99.3200	-0.010	8.34	8.34	8.40
SPAIN		11.300	01/02	102.1500	+0.050	10.92	10.90	10.65
UK GILTS		10.000	11/96	102-20	+8/32	9.27	9.40	10.35
		9.750	08/02	104-02	+12/32	9.15	9.22	10.00
		9.000	10/08	99-31	+13/32	9.00	9.07	9.73
US TREASURY *		7.500	11/01	99-22	+9/32	7.56	7.62	7.54
		8.000	11/21	99-09	+13/32	8.01	8.04	7.98
ECU (French Govt)		8.500	03/02	98.2000	+0.050	8.76	8.75	8.97

London closing, *denotes New York morning session Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal *Technical Data/ATLAS Price Sources*

COMMODITIES

WEEK IN THE MARKETS

Coffee prices slide to 22-year lows

IN A generally quiet week for commodity markets coffee stood out like a sore thumb. With producer selling revealing a sad lack of buying interest *robusta* coffee prices at the London Futures and Options Exchange continued their inexorable slide to the lowest level in 22 years.

As the July futures price fell to $738 a tonne on Thursday some dealers suggested that the market was due for an upturn, pointing out that many speculative traders would have *short positions to square* up when the market bottomed out. And that point in the present price cycle might be reached soon, they said, as declining returns made producers more reluctant to sell. Others *argued, however*, that, reluctant or not, many producers had no choice but to keep selling because of the need to finance debt repayments.

In early trading yesterday the former group seemed to have got it right; producer selling appeared to have dried up and profit-taking and bargain-hunting purchases prompted rises by midday ranging from $6 to $16 a tonne. But the bears regained the ascendancy in the afternoon, following a lower opening at the New York market. The July position, which had rallied to $748 a tonne at one point, dipped to $726 before closing at $728 a tonne, down $59 on the week and $269 from the beginning of this year.

Ivory Coast selling, which has been a notable factor in the recent coffee price decline, weighed heavily on the cocoa market this week, and seems *set to do so for some time*. Traders are aware that, having delayed the start of this year's cocoa marketing campaign because of depressed price levels, the Ivory Coast, the world's biggest producer, will have to maintain its sales at a much higher level than usual for the remainder of the season. "If, according to World Bank guidelines, the Caisse de Stabilisation in the Ivory Coast has to sell three quarters of the new crop by end-September, they need to sell at least 20,000 tonnes a week," one London trader told the Reuters news agency yesterday. Normally by this stage Ivorian sales would have slowed to about 9,000 tonnes a week.

London cocoa futures prices set fresh 16¼-year lows this week before steadying somewhat yesterday. The July delivery price closed at £589 a tonne, up £5 on the day but £19 down on the week.

The two-weeks of talks on the International Cocoa Agreement that ended yesterday in Geneva had no discernible market impact. As had been predicted the meeting of producer and consumer members under the auspices of the UN Committee on Trade and Development made little progress towards reving the market stabilisation functions of the *moribund pact. Delegates* agreed to meet again in July.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+3,250	to 1,218,500
Copper	-1,450	to 279,650
Lead	+8,175	to 155,136
Nickel	+270	to 25,476
Zinc	+5,450	to 244,775
Tin	-20	to 12,080

In an otherwise uneventful week at the London Metal Exchange the zinc market continued to be distorted by a squeeze on supplies available for nearby delivery. As the exchange's warehouse stocks grew by another 8,500 tonnes to a record 244,775 tonnes the three months position fell $12 on the week to $1,292.50 a tonne. But the squeeze fears pushed the cash price up $32 to a 16-month high of $1,371.50 a tonne, widening the cash premium to $79 a tonne, from $35 at the end of last week.

Aluminium prices dipped to five-week lows on news of labour contract deals had been reached at Alcoa and Reynolds of the US. The cash quotation recovered $8.25 of the fall yesterday but still ended $18.50 down on the week at $1,289.50 a tonne.

All was fairly quiet in the precious metals market until the last two days of the week. Then platinum put on a spurt *that left the London price* $8 up on balance at $350.15 a troy ounce at the afternoon fixing. Later it moved farther ahead to $354 an ounce. Traders said the rise reflected chart-inspired investment fund buying in the New York market that reversed a 12-week downtrend.

At London's International Petroleum Exchange the crude oil market had a more active week, with the July position putting on 68 cents at $19.49 a barrel before easing a little yesterday. The rise reflected the more optimistic view being taken by traders of oil demand prospects.

Mr Peter Gignoux, head of the energy desk at Smith Barney in London said there had been some strong buying from oil refiners in the US. "The second quarter is providing shopping opportunities for those who like to line up barrels for later in the year," he said. *"When the market started to* run they thought they'd better buy or miss the boat."

Richard Mooney

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
American ♥	5	282.8	282.8	301.2	+0.9	0.75
(Accum Units) ♥	5	332.9	332.9	354.3	+2.0	0.75
British	5	847.7	864.7	914.8	+2.4	5.47
(Accum Units)	5	1421.4	1450.1	1534.1	+4.0	5.47
European	5	336.4	336.4	357.3	+0.3	1.44
(Accum Units)	5	364.7	364.7	387.3	+0.3	1.44
Japan	5	92.46	92.46	98.36	-0.21	-
(Accum Units)	5	93.20	93.20	99.15	-0.81	-
New Pacific	5	209.4	209.4	217.0	+1.1	1.62
(Accum Units)	5	208.9	208.9	222.9	+1.2	1.62
PEP Apr 29	5	159.0	160.6	169.9	-	3.61
Mngd Equity	5	129.9	131.4	139.0	+0.5	2.75
Mngd Equity Acc	5	137.8	139.4	147.5	+0.6	2.75
Mngd Cash	0	95.94	95.94	95.94	-	10.13
(Accum Units)	0	120.5	120.5	120.5	-	10.13
Majority Stkg	1	108.05	108.05	112.05	+0.02	9.80
Majority Stkg Acc	1	110.93	110.93	112.04	+0.02	9.80

Stockbroad Intl Inv Mngrs Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
International Mar 19	0	49.99	49.99	50.46	-0.18	2.72

Sun Alliance Unit Tst Mngmt Ltd (1200)F
St Mark's Court, Horsham. 0403 232323

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Equity	6	636.6	646.4	691.3	+3.9	2.78
North America	6	84.00	84.00	89.84	+0.32	0.47
Far East	6	86.06	86.06	92.08	+0.30	0.64
W'wide Bond	6	46.96	46.96	47.96	-0.22	6.40
European	6	68.70	68.70	73.48	+0.07	1.46
Equity Income	6	71.14	71.14	76.09	+0.34	5.40
Portfolio	6	59.45	59.45	63.58	+0.18	2.42
Junior Trusts						
Worldwide Growth	6	47.00	47.00	50.00	-	2.29

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basing View, Basingstoke, Hants 0800 525725

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
American Growth	6	26.85	26.85	28.72	-0.04	0.59
Managed Assets	6	105.65	105.65	113.03	-0.33	3.38
UK Income	6	32.80	33.21	35.52	-0.14	4.46
UK Growth	6	32.80	33.15	35.46	-0.12	3.58
Worldwide Growth	6	23.91	23.91	25.58	-0.15	1.19

Sun Life Trust Mngmt Ltd (1200)H
101, Cannon St, London EC4N 5AD
Admin & Enq: 071-606 4044 Dealing: 071-606 1010

[illegible]

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Grs
Charibond Apr 30	106.68		-0.1	10.1
(Accum Units)	645.83		-0.8	10.1
NAACIF Apr 28	42.75		-	9.26

Morgan Grenfell Investment Funds Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Grs
UK Equity † Apr 30	140.1	150.1	-	3.89
UK Small Co † Apr 30	543.9	584.7	-	3.57
Fixed Interest † Apr 30	112.3	118.2	-	8.46
US Small Co Apr 30	151.9	162.6	-	0.00
Managed Apr 30	113.4	121.2	+0.6	3.52
Intl Bond Apr 30	118.5	125.0	-	10.27
Japan Apr 30	59.49	63.35	-	4.63
European Apr 30	91.74	98.28	-	1.72
Nth American Apr 30	115.0	123.6	-	1.29

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Grs
Amer Exmt May 1	55.18	57.39	+0.06	1.70
Euro Exmt May 1	53.59	56.26	+0.72	2.43
Fixed Int Ex Apr 29	48.46	49.66	-	8.75
Japan Exmt May 1	35.39	36.82	-0.56	0.89
Managed Ex Apr 30	46.04	47.88	-	4.17
SE Asia Exmt May 1	79.30	83.27	+1.23	2.48
Sm Cos Exmt Apr 29	97.39	99.26	-	3.25
UK Eqty Ex Apr 29	44.59	47.13	-	3.56

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Grs
Small Co's Mar 4	656.40	685.79	-	4.04
Do Accum	761.43	810.61	-	4.04
Int Expt Apr 30	198.95	192.44	-	1.67
UK Index Mar 4	1136.91	1158.66	-	4.53
Do Accum	1250.32	1273.91	-	4.53
Convertible Apr 27	98.25	101.54	-	7.99
Wjht ex UK Index Apr 28	732.41	740.93	-	2.21
Do Accum	732.41	740.93	-	2.21
Japan Index Apr 28	428.50	435.05	-	0.96
Do Accum	430.19	436.77	-	0.96
USA Index Apr 28	1043.95	1056.90	-	3.07
Do Accum	1080.17	1095.42	-	3.01
Europe ex UK Index Apr 28	907.84	921.76	-	3.11
Do Accum	944.11	958.59	-	3.11
Pacific ex Jap Index Apr 28	1063.17	1080.62	-	3.59
Do Accum	1127.94	1138.18	-	3.59
Managed Exempt Apr 30	112.48	124.47	-	3.06

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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Norwich Union Life Insurance Soc.—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pensionmaster* & Unit-Linked Plus*				
Mixed Fund	462.2	486.5	+5.7	-
Ordinary Share Fund	718.2	756.0	+12.1	-
International Fund	167.8	176.6	+1.4	-
Property Fund	259.4	273.1	-0.2	-
Fixed Interest Fund	406.8	428.2	+1.1	-
Index-Linked Sec Fund	190.6	200.6	+1.2	-
Deposit Fund	281.3	296.1	+0.8	-
Norwich Units Apr 22	1116.59		---	

*Prices as at April 30

	Bid Price	Offer Price	+ or -	Yield Gross
Jersey Investment Plan				
With Profits Fund	124.08	130.61	+0.03	-
Intl Equity Fund	92.93	97.82	+0.18	-
Intl Bond Fund	118.36	124.59	-0.31	-

Norwich Union Pensions Management Ltd
Surrey Street, Norwich, NR1 3NG 0603 683335

	Bid Price	Offer Price	+ or -	Yield Gross
Group Pooled Pensions				
Balanced Managed Fd	330.82	336.39	-0.44	-
Growth Managed Fd	110.43	112.41	-0.14	-
Sentinel Managed Fd	107.67	109.03	-0.10	-

Prices as at April 30

Pearl Assurance (Unit Funds) Ltd
Lynch Wood, Peterborough PE2 6FY 0733 470470

	Bid Price	Offer Price	+ or -	Yield Gross
Property Dist. (Gross)	134.1	141.2	+0.1	-
Property Acc. (Gross)	255.6	269.1	+0.1	-
Equity (Gross)	910.5	958.4	-4.7	-
Managed (Gross)	630.3	663.5	-2.1	-
Property Acc. (Net)	122.1	128.6	[illegible]	-
Equity (Net)	210.3	221.3	-1.0	-
Managed (Net)	193.4	203.6	-0.6	-
International (Net)	167.0	175.8	-0.5	-
[illegible]	138.8	146.2	+0.2	-
Money Fund	138.3	145.6	----	-
Mixed Fund (Cap)	119.8	126.2	----	-
Mixed Fund (Acc)	123.7	130.3	----	-
Adventurous Managed	95.0	100.0	----	-
Cautious Managed	95.0	100.0	----	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	686.9	723.1	-1.1	-

Provident Mutual Life Assc. Assn.—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Index Linked Gilt Init.	123.2	129.7	+0.1	-
Overseas Equity Ord.	271.1	285.4	+0.5	-
Overseas Equity Init.	198.8	209.3	-0.5	-
Property Ord.	220.4	232.0	+0.1	-
Property Init.	161.7	170.2	+0.1	-
Fixed Interest Ord.	225.1	236.9	+0.1	-
Fixed Interest Init.	165.1	173.8	---	-
Deposit Ord.	184.9	194.6	----	-
Deposit Init.	135.7	142.8	+0.1	-
Pension Funds				
Managed Ord.	471.1	495.9	+1.1	-
Managed Init.	345.6	363.8	+0.9	-
Equity Ord	738.5	777.4	+3.7	-
Equity Init.	541.7	570.2	+2.6	-
Pen Ind Lkd Gilt Ord.	181.0	190.5	+0.2	-
Pen Ind Lkd Gilt Init.	138.7	146.0	[illegible]	-
Overseas Equity Ord.	308.1	324.3	[illegible]	-
Overseas Equity Init.	226.0	237.9	[illegible]	-
Property Ord.	278.3	292.9	----	-
Property Init.	204.2	214.9	+0.1	-
Fixed Interest Ord.	285.6	300.6	+0.2	-
Fixed Interest Init.	[illegible]	[illegible]	+0.2	-
Deposit Ord.	264.5	278.4	[illegible]	-
Deposit Init.	194.0	204.2	----	-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Prufund				
Managed Mar 22	264.6	275.7	---	-

Prudential Corporate Pension Funds
1 Stephen St, London W1P 2AP 071-548 3281

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Managed Funds				
Discretionary Apr 29	£189.46	195.36	---	-
Equity Apr 29	£219.19	226.70	----	-
International Apr 29	£27.31	27.90	----	-
[illegible] Apr 29	[illegible]	14.54	----	-
Fixed Int Apr 29	[illegible]	104.95	----	-
Index Linked Apr 29	£71.42	74.29	----	-
Property Apr 29	£109.18	115.22	----	-
Cash Apr 29	£30.3230	30.3230	----	-

Providence Capital International Ltd — Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
G'teed Futures1 Sep '98	$0.963	0.963	----	-
G'teed Futures2 Mar '99	$0.860	0.860	----	-
Swiss Franc Mngd	SFr5.491	5.905	----	-
Swiss Franc Money Mkt	SFr1.181	1.270	----	-
DM Deutschmark Managed	DM1.835	1.971	----	-
Broker Managed Funds				
£ GFS Global Port.	£0.840	0.904	----	-
£ YRA Worldwide	£0.974	1.048	----	-

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF 071-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
J.D. Ward Mngd Bond	189.2	204.5	----	-
[illegible]	121.5	131.1	----	-
Albany Life Acc.	194.5	204.7	+0.5	-
Albany Pens Acc.	250.7	263.9	+0.9	-
M&G Trines Pen Acc.	186.5	195.9	----	-
[illegible]	185.1	194.8	+0.9	-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

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ISLE OF MAN (REGULATED)**

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)**

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)**

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

INDICES

NEW YORK

DOW JONES	Apr 30	Apr 29	Apr 28	Apr 27	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
φIndustrials	3359.12	3333.18	3307.92	3304.56	3366.50 (16/4)	3172.41 (2/1)	3366.50 (16/4/92)	41.22 (2/7/32)
Home Bonds	99.19	99.18	99.08	98.87	99.81 (6/2)	98.41 (20/3)	99.81 (6/2/92)	34.97 (1/10/81)
Transport.	1372.57	1367.53	1355.33	1350.15	1467.66 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	211.07	208.50	207.75	206.69	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

φDay's High 3377.01 (3353.76) Low 3314.40 (3285.39)

STANDARD AND POOR'S	Apr 30	Apr 29	Apr 28	Apr 27	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite †	414.95	412.02	409.11	408.45	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	492.36	488.05	484.59	483.72	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.42	34.60	34.12	34.26	35.14 (15/1)	32.40 (8/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	228.30	226.58	225.12	224.94	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	390.61	385.78	383.04	384.98	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	578.68	569.94	560.33	566.94	644.92 (12/2)	560.33 (28/4)	644.92 (12/2/92)	54.87 (31/10/72)

	Apr 24	Apr 10	Apr 3	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.85	2.85	3.47

	Apr 29	Apr 22	Apr 15	year ago (approx.)
S & P Industrial div. yield	2.62	2.63	2.57	2.74
S & P Ind. P/E ratio	28.96	28.80	29.46	18.70

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Saatchi	4,898,100	1⅛	+ ⅛
Chrysler	3,464,200	19¾	- ⅜
Glaxo	3,293,200	26⅛	+ 1
Pepsico	2,833,500	36⅛	+ ⅞
Telefonos	2,815,200	55½	- 1⅛
Ford Motor	2,739,000	45⅛	- ⅜
Du Pont	2,513,800	54⅛	+ 1⅜
Borden	2,380,400	33⅞	—
Philip Morris	1,780,200	77⅞	- ½
IBM	1,681,800	90⅝	+ 2⅛

TRADING ACTIVITY

† Volume (Millions)	Apr 30	Apr 29	Apr 28
New York SE	223.160	206.750	186.710
Amex	13.453	10.644	12.429
NASDAQ	180.120	180.379	187.482
NYSE			
Issues Traded	2,230	2,219	2,245
Rises	1,189	1,091	719
Falls	560	607	960
Unchanged	481	521	566
New Highs	86	60	31
New Lows	27	14	28

CANADA

TORONTO	Apr 30	Apr 29	Apr 28	Apr 27	1992 HIGH	1992 LOW
Metals & Minerals	3015.72	3011.14	2977.67	2976.85	3238.87 (16/1)	2828.26 (8/4)
Composite	3355.60	3357.00	3337.90	3326.45	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1759.23	1763.49	1749.92	1740.62	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10, and Toronto Composite and Metals—1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable

	May 1	Apr 30	Apr 29	Apr 28	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1665.2	1655.9	1629.8	1605.8	1675.60 (15/1)	1545.30 (9/4)
All Mining (1/1/80)	700.0	705.8	694.4	686.4	737.20 (25/2)	668.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	(c)	405.63	408.65	409.09	428.57 (24/2)	372.26 (2/1)
Traded Index (2/1/91)	(c)	960.13	960.09	970.59	1059.43 (24/2)	903.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	(c)	1192.79	1206.88	1206.26	1234.72 (3/3)	1097.23 (6/1)
DENMARK						
Copenhagen SE (3/1/83)	330.03	329.66	331.82	332.38	365.29 (25/2)	326.35 (9/4)
FINLAND						
HEX General (28/12/90)	(c)	808.5	807.3	803.7	935.90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	(c)	547.38	540.41	539.81	547.38 (30/4)	475.53 (2/1)
CAC 40 (31/12/87)	(c)	2033.34	2006.72	2004.62	2036.72 (29/4)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	(c)	700.95	700.09	706.30	715.44 (3/3)	643.26 (6/1)
Commerzbank (1/12/53)	(c)	1972.9	1979.7	1990.8	2026.70 (3/3)	1813.80 (6/1)
DAX (30/12/87)	(c)	1734.85	1735.91	1738.94	1764.80 (6/3)	1578.75 (6/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5484.21	5388.57	5362.42	5423.58	5484.21 (1/5)	4308.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1440.88	1437.34	1436.16	1438.31	1468.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Com. Ital. (1972)	(c)	582.82	583.44	587.58	551.59 (6/2)	496.23 (9/4)
MIB General (2/1/92)	(c)	991.0	993.0	1001.0	1086.00 (5/2)	977.00 (10/3)
JAPAN						
Nikkei (16/5/49)	17303.39	17390.71	(c)	17527.40	23801.18 (6/1)	16598.15 (9/4)
Tokyo SE (Topix) (4/1/68)	1313.41	1317.46	(c)	1319.80	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	1920.06	1917.65	(c)	1923.06	2409.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	(c)	591.63	585.12	583.62	620.06 (28/2)	546.63 (14/1)
NETHERLANDS						
CBS Tot.Rtn.Gen (End 1983)	304.9	(c)	303.6	302.8	304.90 (1/5)	274.00 (6/1)
CBS All Shr (End 1983)	213.1	(c)	212.3	211.9	213.30 (1/5)	192.40 (6/1)
NORWAY						
Oslo SE Gen (2/1/83)	(c)	740.82	722.85	706.44	748.89 (17/1)	667.80 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	(c)	1239.82	1228.74	1211.40	1365.38 (17/1)	1085.81 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	(c)	394.80	397.52	395.75	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	(c)	1057.0	1080.0	1020.0	1327.00 (21/1)	1006.00 (29/4)
JSE Industrial (28/9/78)	(c)	4311.0	4292.0	4252.0	4535.00 (15/1)	4189.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	628.37	625.97	612.72	597.24	691.48 (8/2)	569.65 (18/4)
SPAIN						
Madrid SE (30/12/85)	(c)	248.73	249.79	249.17	266.51 (20/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	(c)	981.5	980.9	979.6	1089.70 (28/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(c)	848.3	843.0	834.0	848.30 (30/4)	748.50 (8/1)
SBC General (1/4/87)	(c)	688.1	685.8	682.7	688.10 (30/4)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4545.18	4496.19	4513.19	4523.95	5391.63 (30/1)	4405.44 (13/4)
THAILAND						
Bangk SET (30/4/75)	(c)	748.92	754.98	748.11	832.39 (7/4)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) (*)	495.2*	495.0	493.6	491.6	542.10 (7/1)	467.50 (9/4)
Euro Top-100 (26/6/90)	951.49	950.82	952.39	947.28	952.39 (29/4)	878.51 (2/1)

**Saturday April 25: Taiwan Weighted Price 4441.57, Korea Comp Ex. 594.88.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 25 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow unsettled by purchasing report

Wall Street

US STOCKS edged lower yesterday morning in fairly quiet trading, *writes Karen Zagor in New York.*

At 1 pm, the Dow Jones Industrial Average was down 6.26 at 3,352.86 in unexceptional volume of about 110m shares. Declining issues led advancing by a ratio of 8 to 7. Among other market indices, the broadly-based Standard & Poor's 500 was off 0.78 at 414.17 at 12.30 pm while the Nasdaq composite rose 0.60 to 579.28. On Thursday, the Dow advanced 25.94 to 3,359.12.

There was some uneasiness following an unexpectedly weak purchasing manager's index report for April which fell to 51.3 per cent from 54.1 per cent in March. The market had expected the April index to advance to about 55 per cent.

Shares in Chrysler continued to lose ground in the wake of the company's unsatisfactory first quarter results. At mid-session the stock was quoted at $18⅞, down $⅛, after falling $⅝ a day earlier.

Ford lost $⅝ to $44⅝, after sliding $⅝ on Thursday and General Motors eased $⅛ to $41⅞, on top of its previous $⅜ decline.

In the pharmaceutical sector, Glaxo Holdings' American depositary receipts fell $1 to $25⅝. The stock advanced $⅝ on Thursday on news that the oral form of the company's migraine drug had received UK regulatory approval. Among other drug company issues, Merck slid $1⅝ to $143⅝, American Home Products fell $⅝ to $76⅝ and Pfizer lost $⅝ to $71.

The sell-off in insurance issues continued for a second day with General Re, the biggest US reinsurance group, sliding $1⅛ to $79½, Cigna losing $⅝ to $51⅝, Travelers off $⅝ to $20⅝, and Aetna down $⅛ to $42⅛.

Only American International Group bucked the trend, adding $1⅛ to $84⅛. AIG's strong first quarter profits were overshadowed by General Re's warning that its underwriting results would probably be disappointing for the remainder of the year.

The riots in Los Angeles had no discernible impact on Wall Street. Among entertainment company stocks, Walt Disney firmed $1⅛ to $147⅛ after PaineWebber upgraded its rating on the issue. Paramount Communications slipped $⅝ to $45⅞ in thin trading.

In the secondary market, Western Capital Investment soared $3½ to $13⅛ on news that the Colorado-based Savings & Loan had agreed to be acquired by First Bank System for $150m. On the big board, First Bank fell $1⅛ to $26⅝.

Trading was also active in Synergen, which climbed $1⅛ to $39⅛ after the biotech company posted a first quarter loss of 2 cents a share against 14 cents a year earlier.

Canada

TORONTO stocks were mostly higher at midday. The TSE-300 composite index added 4.16 to 3,359.72 in volume of 13.1m shares. Among most active stocks, Nova Corp was off C$⅛ at 8⅞ and Toronto-Dominion Bank rose C$⅛ to C$16⅞.

ASIA PACIFIC

HK at record high as Nikkei weakens

ARBITRAGE and index-related selling weighed on the Nikkei average, which closed marginally lower in light trading, *writes Emiko Terazono in Tokyo.*

The 225-issue average fell 87.32 to 17,303.39, down 1.36 per cent on the week, after moving within a narrow range of 17,273.38 and 17,453.73. Volume rose slightly from 220m shares to 230m.

Advances led declines by 527 to 427 with 182 issues remaining unchanged. The Topix index of all first section stocks lost 4.05 to 1,313.41. In London the ISE/Nikkei 50 index rose 1.67 to 1,065.96.

Trading centred on short-term activity by dealers, while share prices also fluctuated on light arbitrage-related activity prompted by a weak futures market. Institutional investors remained absent ahead of the long weekend. *The market will be closed on Monday and Tuesday.*

Some market participants are hopeful that the market will turn up after the Golden Week holidays. An official at Nippon Life, the leading life assurer, said the downside was limited and there could be a slight increase in volume. However, the spate of corporate earnings announcements starting in the middle of this month could depress sentiment.

NEC, the electronics company, fell Y40 to Y1,000 after reports that it would announce its second downward earnings revision for the fiscal year ended March. Other electronic blue chip issues were also lower, with Hitachi down Y11 to Y839 and Matsushita Electric Industrial retreating Y30 to Y1,410.

Dealers sought speculative favourites. Bio-technology related issues firmed, with Okamoto up Y40 to Y1,210 and Morinaga Milk adding Y14 to Y784. Plant engineering companies were traded on reports of an increase in projects in south-east Asia. Chiyoda rose Y90 to Y1,570 and JGC added Y30 to Y1,930.

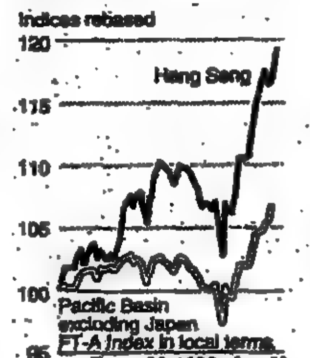
Housing companies advanced as some investors were encouraged by the slowing decline in housing starts figures. Housing starts for March fell only 2.3 per cent from the same month last year, adding to hopes that the residential property market was close to touching the bottom. Taisei Prefab Construction added Y80 to Y2,340 and National House Industrial rose Y30 to Y1,700.

In Osaka, the OSE average firmed 40.08 to 19,846.64 in volume of 12.4m shares. Small-lot buying by foreign investors and investment trust funds supported the index. Short-term trading lifted Shimano, the bicycle maker, by Y70 to Y1,370.

Roundup

HONG KONG recorded an all-time high while other Pacific Rim markets were mixed. Singapore, Kuala Lumpur, Bangkok and Manila were closed.

HONG KONG rose over 2 per cent ahead of half-point cut in interest rates which was announced after the market had closed. The Hang Seng index closed up 114.64 at 5,484.91 for a 2.8 per cent rise on the week. Turnover was HK$3.56bn from HK$2.78bn.



Source: Datastream

Comments by a Chinese official that the country's economic reforms will continue also improved sentiment.

Commercial and industrial stocks led the day's gains, followed by property shares. Hutchison and Cheung Kong both rose 80 cents to HK$17.40 and HK$23.40 respectively. Among the banks HSBC put on HK$1.06 to HK$41.50 while Hang Seng Bank improved HK$1 to HK$48.25.

AUSTRALIA continued to advance. The All Ordinaries index finished up 9.3 at 1,665.2, a 3.4 per cent rise on the week. Turnover was A$270m.

Among blue chips showing gains, News Corp rose 38 cents to A$19.58 and BTR Nylex gained 11 cents to A$2.78.

Banks remained strong: National Australia Bank rose 8 cents to A$7.76, the Commonwealth was up 4 cents at HK$7.60 and ANZ gained 4 cents to A$4.48.

Coles Myer rose 8 cents to A$12.48 following an analysts meeting earlier in the week.

NEW ZEALAND was weaker as Telecom came under pressure. The NZSE-40 index fell 3.44 to 1,460.60 for a gain of 0.36 per cent on the week. Turnover was NZ$31.6m.

Telecom closed down 6 cents to NZ$1.96, the first time it has closed below NZ$2 since its privatisation last July.

Fletcher Challenge continued to perform well, gaining 3 cents to NZ$3.50.

Fay Richwhite eased 5 cents to 62 cents on news that New Zealand's America's Cup challenger had been eliminated from the series. The shares had climbed to NZ$1.20 earlier this year.

Independent Newspapers, in which News Corp of Australia has a 49 per cent stake, advanced 5 cents to NZ$4.70. Brierley Investments closed 1 cent stronger at 96 cents.

Resources stocks were not as strong: BHP rose 2 cents to A$14.20 while CRA fell 4 cents to A$14.34.

SEOUL rose on buying of large-capitalisation shares. The composite index gained 4.40 to 620.37, up 4.1 per cent on the week. Turnover was Won446.5bn from Won491.1bn.

Hyundai Motor rose Won800 to Won19,200 while Hyundai Precision & Industries closed Won800 higher at Won18,100.

TAIWAN was stronger. The weighted index added 48.99 to 4,545.18, for a gain of 1.45 per cent over the week. Turnover was T$19.2bn from T$15.9bn.

The paper sector led the rise, followed by textile, financial, food and cement shares.

Taiwan Cement rose 50 cents to T$65.50, Hua Nan Commercial Bank climbed T$1 to T$103 and President Enterprises rose T$1 to T$51.50.

Politically rudderless, Milan remains afloat

Haig Simonian casts an eye over a lethargic bourse marking time until the Italian presidential election

IN a country without a head of state, prime minister or government, probably the biggest surprise is that the Milan bourse has not gone into freefall.

This achievement, however, must be seen against a background of painfully thin trading, which has made equity business for all but the biggest of the new-style Società di Intermediazione Mobiliare (Sim) highly unprofitable. Substantial fixed costs have only been covered thanks to record trading volumes on the fixed-income side for those Sims which are also active in government bonds. But for brokers focused on equities, it has been another story.

The April 5 general election, which showed a sharp drop in support for Italy's established parties, has created a period of political uncertainty as party leaders scramble to consider possible new alliances.

But last week's surprise resignation of President Francesco Cossiga has led the country into uncharted territory, even by Italian political standards. A new president is to be elected on May 13. Once in office, the new head of state will have to nominate a prime minister, who will try to form a government in a parliament in which 16 parties are represented.

The stock market is therefore marking time. Daily volume has sometimes fallen below L50bn ($40.4m), and the only interest has tended to come from the few foreigners still willing to take a punt on Italian stocks.

The Sims have been suffering. With over half their budgets allocated to staff costs, even brokers with a sizeable market share are unable to make money. Some blame the market's lethargy on more than just short-term political factors.

Mr Giovanni Borghi, managing director of Intercassa, the Sim owned by Cariplo, the big Milan savings bank, and 25 smaller savings institutions, points to last year's introduction of capital gains tax. This triggered a drop in trading volumes, despite the arrival this year of new rules limiting the possibilities for off-floor trading, which should have led to a substantial increase in recorded turnover.

Source: Datastream

"The tax dampened speculation between operators on the floor, who traded partly on rumours," says Mr Borghi. "Its introduction has had a much bigger role than many expected."

Poor corporate profits have also depressed the market. Higher dividends this week from Italgas, the fast-expanding gas and water group, and Eridania, Ferruzzi's agro-industrial subsidiary, were welcome exceptions. But within hours of their figures, Marzotto, Italy's biggest textiles and clothing company which last year bought control of Hugo Boss in Germany, announced a cut in its dividend because of current difficulties in the sector.

Not surprisingly, brokers have been looking for scapegoats. The most popular has been Consob, the stock market watchdog. As part of Italy's stock market reforms, it set rules last year for off-floor trading large blocks of shares. The block market has seen some huge transactions in recent weeks, just as business on the floor has languished.

Moreover, some deals have been executed at prices much higher those prevailing on the bourse.

The most striking example involved Alenia, the state-controlled aerospace group. About 1.1m of its shares changed hands at L3,169 - some 50 per cent above the market price. Other controversial block transactions have involved Euromobiliare, the merchant bank whose majority shareholder is Midland Bank of the UK, and the newly-quoted San Paolo di Torino. Though in line with market prices, the San Paolo deal amounted to around L109bn - more than total turnover on the floor that day.

Dealers ascribe the higher prices to inter-company transactions, probably for tax purposes or to avoid a write-down on the balance sheet.

Such use of the block market has angered brokers, and has led to calls for the minimum size of transactions which can be done off the floor to be raised.

Consob has promised to look into the matter. But in response to the criticism, it points out that the instances of large blocks of shares changing hands at above market prices have been limited.

In some cases, it adds, the price difference had been within 10 per cent of that quoted on the bourse. And in other examples, the deals had taken place "for motives not linked to normal trading" on the securities market, and had only been made public because they had taken place via a Sim.

Activity on the floor has been limited to Italy's biggest companies. Shares associated with Mr Carlo De Benedetti went on a two-day roller-coaster ride after he was sentenced to over six years in jail for his alleged role in the Banco Ambrosiano collapse, but have since recovered. And Pirelli's stock has been bought by investors who believe that, having fallen so heavily, it now has only one way to go.

Bombay fears fresh share slide

By R C Murthy in Bombay

AUTHORITIES at the Bombay Stock Exchange (BSE) fear a renewed slide in share prices as investors liquidate holdings ahead of Mangalore Refinery's offering of Rs11.5bn worth of convertible bonds, the largest ever. Several rights issues are also expected during the next five weeks.

The BSE recovered 213.31 to 3,887.72 on Thursday after plunging 17.7 per cent in two days to an eight-week low of 3,674.60 on Wednesday. The market was closed yesterday.

The market has been unsettled by a strike by brokers to protest against new registration requirements and by a scandal in the gilt-edged market. Brokers have since returned to work, in the hope that the government will resolve the issue by May 21, the deadline laid down by the Securities and Exchange Board of India, requiring BSE brokers to register with it.

EUROPE

Foreigners seek Royal Dutch

MOST continental bourses were closed yesterday for the May Day holiday, *writes Our Markets Staff.*

AMSTERDAM saw strong foreign interest in Royal Dutch while other blue chips were weaker. The CBS Tendency Index closed up 0.2 at 128.8 for a 0.15 per cent rise on the week.

Royal Dutch advanced Fl 1.60 to Fl 154.50 but off the day's high of Fl 155.80 following a strong rise in US oil stocks overnight. Although the group released disappointing first quarter results from its US division during the day, some analysts said that sentiment remained positive on an upturn in demand during the second quarter.

Heavy UK institutional buying was also noted in KLM and Daf, although both closed lower: KLM shed 30 cents to Fl 37.80 and Daf lost 10 cents to Fl 34.

Akzo, ex dividend, remained in demand following Wednesday's good first quarter figures. It closed a net Fl 2.90 higher at Fl 158.90.

FT-SE Eurotrack 100 - May 1 †

Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1174.65	1175.11	1174.49	1175.42	1175.37	1175.30	1175.39	1175.00

Day's High 1175.78	Day's Low 1174.24

Apr 30	Apr 29	Apr 28	Apr 27	Apr 24
1174.96	1174.59	1169.61	1169.59	1167.02

Base value 1000 (26/10/90). † Partial.

COPENHAGEN was dominated by Hafnia which rose strongly after its board of directors said it would now support the rescue package proposed by a group of Danish shareholders dissatisfied with an offer from the Swedish insurer, Skandia. The all-share index rose 0.37 to 330.03, down 1.2 per cent on the week.

Hafnia's B shares rose DKr30 to DKr250 on turnover of 35,000 shares while the thinly traded A shares jumped SKr42 to SKr325. Its rival, Baltica, in which Hafnia has a stake of more than 33 per cent, rose DKr15 to DKr635.

Sophus Berendsen, whose UK Rentokil has been gaining ground, rose DKr40 to DKr1,900.

ISTANBUL advanced on rumours of a fall in the monthly inflation rate, due to be announced on Monday. The index closed up 71.6 at 3,757.97, but was down 1.5 per cent on the week. Turnover was estimated at TL200.5bn.

Among active shares, the cement group Adana A-type rose TL1,000 to TL11,500 on good first quarter results, Eczacibasi Yatirim, an investment company, gained TL500 to TL8,400 while its its pharmaceuticals division, Ilac, advanced TL750 to TL13,000.

Eregli was up TL50 at TL3,000 while Petkim, the petrochemical group, was unchanged at TL650.

● South Africa was closed yesterday for a holiday.

LONDON SHARE SERVICE

BRITISH FUNDS | **BRITISH FUNDS - Cont.** | **BRITISH FUNDS - Cont.** | **OTHER FIXED INTEREST**

[illegible]

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY APRIL 30 1992								WEDNESDAY APRIL 29 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	150.38	+1.3	125.64	126.76	129.20	132.18	+1.7	4.17	148.38	124.25	125.17	127.79	129.97	158.68	140.94	143.19
Austria (19)	163.65	−0.3	136.90	138.12	140.77	141.08	−0.4	2.08	164.42	137.68	138.70	141.80	141.62	188.70	162.62	203.12
Belgium (46)	138.84	+0.5	116.00	117.02	119.28	116.58	+0.3	5.22	138.18	115.71	116.55	119.00	116.20	145.19	135.87	136.42
Canada (115)	126.61	−0.1	105.78	106.72	108.77	109.69	+0.1	3.35	126.71	106.10	106.88	109.12	109.55	142.12	125.50	139.02
Denmark (35)	228.83	−0.4	191.19	192.89	196.60	199.19	−0.8	1.86	229.75	192.39	193.81	197.86	200.30	273.94	226.81	235.67
Finland (15)	78.32	+1.2	65.44	66.02	67.29	73.99	+1.3	2.02	77.40	64.81	65.29	66.66	73.07	89.90	73.64	113.71
France (106)	160.37	−0.2	133.99	135.17	137.77	140.31	−0.3	3.34	160.69	134.56	135.54	138.37	140.78	160.69	146.06	137.24
Germany (65)	117.52	+0.0	98.18	99.07	100.96	100.96	−0.3	2.29	117.56	98.45	99.18	101.24	101.24	122.84	114.67	111.40
Hong Kong (55)	222.64	+0.3	186.02	187.67	191.28	221.76	+0.3	3.66	222.04	185.93	187.30	191.23	221.09	224.67	176.36	153.38
Ireland (16)	162.83	+0.1	136.05	137.26	139.89	141.98	−0.2	3.73	162.69	136.23	137.24	140.11	142.25	173.71	151.78	159.22
Italy (78)	70.99	+0.2	59.31	59.83	60.98	65.84	−0.1	3.50	70.85	59.33	59.76	61.01	65.93	80.86	68.92	77.54
Japan (473)	97.63	+0.0	81.57	82.29	83.89	82.29	−0.1	1.04	97.61	81.74	82.34	84.07	82.34	140.95	88.70	140.96
Malaysia (68)	238.61	+0.5	199.36	201.13	204.99	232.09	+0.5	2.79	237.42	198.81	200.27	204.46	230.84	250.18	212.49	234.33
Mexico (18)	1672.31	+1.1	1397.21	1409.64	1436.74	5828.78	+1.0	1.04	1654.78	1385.69	1395.90	1425.11	5572.49	1789.77	1376.91	876.66
Netherland (25)	155.58	+0.2	129.99	131.15	133.67	132.04	+0.0	4.23	155.21	129.97	130.93	133.67	132.04	156.48	147.88	141.77
New Zealand (14)	44.40	+1.8	37.10	37.43	38.15	43.86	+2.1	6.28	43.62	36.52	36.80	37.57	42.95	48.52	42.01	50.25
Norway (23)	179.09	+2.4	149.63	150.96	153.87	156.91	+2.2	1.85	174.83	146.40	147.48	150.57	153.54	192.95	161.26	187.35
Singapore (38)	213.54	+1.9	178.42	180.00	183.46	163.21	+2.2	2.00	209.49	175.42	176.72	180.41	159.68	226.43	192.76	204.77
South Africa (61)	229.96	+1.7	192.13	193.84	197.56	173.34	+0.8	2.93	226.11	189.34	190.73	194.72	171.91	263.60	203.16	204.44
Spain (50)	147.69	−0.4	123.40	124.50	126.88	116.19	−0.5	5.21	148.26	124.15	125.07	127.68	116.75	160.47	146.86	153.66
Sweden (25)	183.83	+0.3	153.59	154.96	157.94	162.40	+0.1	2.78	183.19	153.40	154.54	157.77	162.17	190.37	173.09	178.02
Switzerland (59)	100.62	+0.6	84.07	84.82	86.46	94.63	+0.4	2.26	99.97	83.71	84.34	86.11	94.24	104.22	95.99	93.67
United Kingdom (228)	189.12	−0.2	158.01	159.40	162.47	158.01	−0.4	4.70	189.45	158.64	159.79	163.14	158.64	190.06	165.55	174.30
USA (522)	169.06	+0.7	141.25	142.51	145.25	169.06	+0.7	2.94	167.89	140.59	141.63	144.59	167.89	171.66	160.92	154.12
Europe (790)	149.10	+0.0	124.57	125.68	128.10	127.28	−0.2	3.86	149.15	124.89	125.82	128.45	127.55	150.58	139.31	138.84
Nordic (98)	172.40	+0.3	144.04	145.32	148.12	145.90	+0.1	2.23	171.91	143.96	145.02	148.05	145.75	188.52	169.66	175.14
Pacific Basin (717)	103.78	+0.1	86.71	87.48	89.16	88.01	+0.1	1.43	103.62	86.77	87.42	89.24	87.91	141.97	94.40	141.14
Euro-Pacific (1507)	122.10	+0.1	102.02	102.92	104.90	104.20	−0.1	2.61	122.03	102.19	102.93	105.09	104.28	145.21	113.80	140.95
North America (637)	166.40	+0.7	139.02	140.28	142.98	165.02	+0.7	2.96	165.30	138.42	139.46	142.39	163.92	169.69	158.70	153.11
Europe Ex. UK (562)	125.28	+0.1	104.67	105.63	107.66	109.46	−0.1	3.22	125.20	104.84	105.64	107.85	109.61	129.79	121.81	118.97
Pacific Ex. Japan (244)	164.34	+0.9	137.30	138.54	141.20	146.58	+1.1	3.72	162.88	136.39	137.42	140.29	145.02	164.34	149.00	142.20
World Ex. US (1701)	124.47	+0.1	103.99	104.93	106.94	106.44	+0.0	2.83	124.34	104.12	104.90	107.09	106.48	146.91	116.45	141.94
World Ex. UK (1995)	133.80	+0.4	111.79	112.79	114.96	122.48	+0.4	2.50	133.25	111.58	112.41	114.77	122.04	150.58	127.21	142.13
World Ex. So. Af. (2162)	137.98	+0.3	115.28	116.31	118.55	125.38	+0.3	2.75	137.53	115.16	116.02	118.45	125.03	153.05	130.04	144.62
World Ex. Japan (1750)	161.43	+0.4	134.87	136.08	138.71	150.79	+0.4	3.30	160.71	134.57	135.58	138.42	150.23	161.90	153.20	148.50
The World Index (2223)	138.57	+0.3	115.77	116.81	119.06	125.79	+0.3	2.75	138.09	115.64	116.49	118.94	125.45	153.70	130.66	144.98

Constituent change with effect 4/5/92: Deletion: Perrier (France). Latest prices were unavailable for this edition. Market closed April 30: Netherlands.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Abbott Labs	[illegible]	—	[illegible]	34	16,708	1.6
♥Allegheny & W	287p	+13	336p	226p	138.7	6.3
Amdahl	877p	+60	1199p	815p	1,084	0.6
Amer Cyanamid	34½	−⅛	37	32⅛	3,248	[illegible]
Amer Express	12½xd	—	13⅞	[illegible]	5,902	[illegible]
Amer T & T	[illegible]	—	24⅞	20⅛	32,299	3.0
Ameritech	36⅛	−⅛	[illegible]	32½	16,652	5.5
BankAmerica	[illegible]	—	28⅝	[illegible]	9,080	2.8
Bankers NY	33xd	—	37⅛	28⅞	2,719	8.3
Bell Atlantic	25	+⅛	26⅛	23⅛	9,831	5.9
BellSouth	28	+⅛	28⅛	25	13,627	5.5
♥Bethlehem Steel	[illegible]	—	9⅝	[illegible]	695.3	—
Bowater	1357pxd	+48	1579p	1078p	407.4	5.0
CPC	23⅛	—	25⅛	22⅛	3,595	2.8
California Engy	720p	+69	833p	646p	132.9	—
Campbell Soup	[illegible]	—	[illegible]	[illegible]	4,838	2.9
Chase Manhattan	14⅞xd	—	16½	9⅛	2,891	4.5
Chrysler	11⅛xd	—	11⅛	6⅛	3,251	3.0
Citicorp	[illegible]	—	11	[illegible]	3,657	—
Colgate-Palm	27⅛xd	—	28⅞	[illegible]	4,357	2.2
Cont'l Bank	977p	−2	1036p	496p	987.3	3.5
Dana	[illegible]	—	24½	[illegible]	983.6	3.8
Data General	513p	+4	1004p	487p	141.8	—
Dial	[illegible]	—	24⅛	[illegible]	798.8	3.1
Dun & Brad	29⅛	−⅛	33½	[illegible]	5,309	4.3
Eaton	[illegible]	—	45½	32½	1,482	2.8
Echlin	9⅝xd	—	11	7⅛	[illegible]	4.1
FPL	19⅝xd	—	[illegible]	18⅛	3,328	6.9
Fluor	23⅞xd	—	27	21	1,936	0.9
Ford Motor	[illegible]	—	25⅛	15	12,100	2.2
Gen Elect	42⅞xd	—	46⅛	40⅛	37,849	2.7
♥General Host	464p	−2	635p	360p	—	4.3
Gillette	28⅝xd	—	29⅞	[illegible]	5,821	1.5
Hasbro	14⅞	−⅛	16	12⅛	1,238	0.5
Honeywell	[illegible]	—	43	34⅛	2,858	2.3
Houston Inds	24⅛	−⅛	24⅞	23	3,285	6.7
IBM	[illegible]	—	[illegible]	45⅛	28,499	5.5

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

	Notes	Price	+or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Ansbacher (H)		29	—	33	28	54.1	—	—
Barings 8pc Cm 2nd Pf		95	+½	95	83½	11.9	11.2	—
9¼pc Non-Cum Pf		115½	+1	115½	103¼	46.2	11.3	—
Brown Shipley		129	−1	284	120	28.6	8.3	—
Close Bros	†	255	—	267	250	94.2	4.8	11.3
Hambros	†	208	+2	224	215	483.2	8.1	11.1
7½pc Cv Pf		116	+1	119	99	172.5	9.0	—
Joseph (L)		[illegible]	—	[illegible]	318	17.3	6.4	—
Kleinwort Benson		279	−10	292	212	361.4	7.7	19.7
Rea Bros		35xd	−1	35	28	13.7	1.9	♦
Schroders	†	1273	—	1285	1043	839.4	1.9	14.8
N/V		1070	—	1070	883	140.5	2.2	12.5
Singer & Friedlander		48	—	48	37	92.3	6.9	10.5
Warburg (SG)	†	603	+4	603	445	1,263	3.5	12.6
8pc Cv Pf		200	—	202	150	45.1	4.8	—
Wintrust		215	—	258	213	18.2	5.8	6.4

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FINANCIAL TIMES
Weekend May 2/May 3 1992

Kohl stands firm on public sector pay in spite of budget divisions

German unions to step up action

By Quentin Peel in Bonn

GERMANY'S trade unions stepped up their verbal onslaught on the embattled coalition government of Chancellor Helmut Kohl yesterday, as public sector workers promised "rougher and broader" strike action next week.

Airports, including those at Berlin and Düsseldorf, are expected to be hit by the strikes from Monday. There could be power cuts on the railways and interruption in television broadcasting, the ÖTV public sector union warned.

At the same time, leading members of the government were locked in recriminations after last week's upheavals, following the announcement of the impending resignation of Mr Hans-Dietrich Genscher as foreign minister.

Mr Theo Waigel, the finance minister and leader of the Bavarian Christian Social Union (CSU), accused Mr Jürgen Möllemann, economics minister and vice-chancellor-designate from the rival Free Democrats (FDP), of "impudence and effrontery" in calling for more budget cuts.

Mr Waigel was responding to a 16-page document from Mr Möllemann, warning of huge new budget costs from German unification, and calling for cuts in areas such as social spending.

Mr Waigel said in a letter that it was "shameless" because the economics ministry was itself asking for a budget increase in 1993 well above the government's 2.5 per cent ceiling on growth.

He did not reply to Mr Möllemann's budget calculations, that unification will cost an additional DM50bn up to 1995, because the figures are still being considered inside the finance ministry. In spite of the divisions in the coalition, there is no sign of a willingness in the central government to negotiate with the public sector unions.

The unions have been on strike for almost a week, seeking a 9.5 per cent pay rise. There are indications, however, that the states and local authorities led by the Social Democrats want to make a new offer.

May Day rallies across the country brought support from other key union leaders. Mr Franz Steinkühler, of the 4m-strong IG-Metall engineers' union, pledged his own workers' readiness to strike further in support of a separate pay claim.

"If the employers want a fight, then they will get a fight," Mr Steinkühler said.

Mrs Monika Wulf-Mathies, militant leader of the ÖTV, said the public sector strike, which has already brought public transport and refuse disposal in most major towns and cities to a standstill, would now get "broader and rougher". So far the employers have refused to go beyond a 4.8 per cent offer.

Editorial Comment, Page 8
Man in the news, Page 8

Italians sail into yachting history

By Robert Graham in Rome

ITALIANS' fanatical interest in sport has suddenly expanded from a narrow diet of cycling and football to embrace sailing.

Yesterday the yacht, Il Moro di Venezia, and its crew became instant national heroes as they beat New Zealand off San Diego and won the right to challenge the Americans for the America's Cup. This is the first time in almost 30 years a European challenger has reached the run-off of the top event in the yachting world.

In little more than a week, Italy has been swept by "Moromania" as growing numbers of people have stayed up late to watch the final eliminating races live from California. At a time when Italy appears rudderless, without either a government or a president, the sight of a perfectly synchronised crew steering Il Moro triumphantly through the Pacific swell has offered a welcome contrast.

But this is not the only reason for the country's fascination with the America's Cup. Behind the Italian challenge lies a boardroom drama involving the divorce last July of Mr Raul Gardini from Ferruzzi, which he built up in the 1980s to become one of the leading private companies in Italy.

A keen sailor, Mr Gardini decided in September 1988 to go for the America's Cup, creating Tencara, a tailor-made company to supervise research, development and construction of Il Moro at a new boatyard near Venice. Tencara was able to draw on the far-flung resources of Ferruzzi, particularly its special fibres and advanced materials divisions controlled by its chemicals subsidiary, Montedison.

When the Ferruzzi family finally decided to part with Mr Gardini's flamboyant services, the America's Cup project was a potential embarrassment. At least $22m (£12.4m) had been spent amid considerable publicity. Four models of Il Moro were already in the water at San Diego where the 100-strong team had established a base in October 1990. The fifth, which won against New Zealand this week, was already launched.

After much soul searching, Ferruzzi decided to continue but with a $40m cap on boatyard costs and a slimming down of the original project. The decision was justified by hopes of profitable spin-offs from a combination of high-profile publicity and the heavy investment in state-of-the-art yacht design and construction facilities.

Mr Gardini, who remained in charge of the project, thus retained an industrial link with Ferruzzi-Montedison (his wife is a Ferruzzi).

Il Moro has been pioneering special light carbon skins for the 27-metre hull and has developed a distinctive dark-coloured carbon fibre-based material for the sails. Almost 75 per cent of the vessel is made from advanced composite materials and only 1 per cent wood. Only 20 years ago, America's Cup challengers were 50 per cent aluminium and 30 per cent wood.

There is only one jarring note to nationalist euphoria over Il Moro: the skipper, Paul Cayard, is an American. But then that famous son of Genoa, Christopher Columbus, hired himself to the Spanish 500 years ago when the Italians failed to back his bid to discover the Americas.

Spirit of Columbus: Skipper Paul Cayard celebrates with the cup. On his left is Raul Gardini

Bank signals possible cut in rates

Continued from Page 1

up about 35 per cent on last year. Even so, the average house last month was valued 3.7 per cent lower than in April 1991, at £55,562 against £57,731.

As for retailing, the British Retail Consortium said revenues at many big shops had been higher than expected last month. Mr James May, director general, said there were signs of a "strong recovery" in the sector.

Speculation about a possible rate cut pushed down the key three-month interbank rate – which shadows base rates – by about ⅛ percentage point to some 10¼ per cent. But sterling held on to almost all of its 10-pfennig gain during April, closing last night in London at DM2.93, down a quarter of a pfennig on the day.

Mitterrand criticises Peugeot for cutting jobs while in profit

By William Dawkins in Paris

FRENCH PRESIDENT François Mitterrand launched a sharp attack yesterday on job losses at Peugeot, the country's largest privately owned company, in a move likely to worry others seeking to cut their workforces.

His outburst came in a Labour Day radio interview arguing for strong European social policies. It was triggered by a row between Mr Jacques Calvet, Peugeot's chairman, and Mrs Martine Aubry, labour minister, over funding of early retirement pensions for the latest Peugeot workers to lose their jobs.

It is "intolerable to think that big companies . . . live by bragging over the billions they make every year, and at the same time shed their personnel", said Mr Mitterrand. "Let them at least arrange things so that their employees receive their share of the profits . . . One just asks them to be fair and to consider that their profits are not simply theirs," but that profits "belong to all those who take part in the business – the workers, the employees, the others".

Mr Mitterrand's remarks are a reminder of his distaste for excessive profit-making and recall his attack two years ago on stock market investors, whom he criticised for making money while they slept. That speech was widely held responsible for sending equity prices into a slide. The bourse was closed yesterday for the May Day holiday and reopens on Monday.

The attack also underlines Mr Mitterrand's uneasiness about job losses generally. Unemployment, now at 2.8m, or just under 10 per cent, stubbornly refuses to recede, contributing to the decline in the ruling Socialists' popularity and their humiliation in the March regional elections.

The government has all the less sympathy for Peugeot's arguments only a month after it reported a FFr5.5bn (£550m) net profit for 1991, although this was a 40 per cent decline.

Mr Calvet argues that the carmaker needs to lose 1,427 jobs at one of its main plants as an essential part of its strategy to match Japanese productivity.

The detail of the dispute is over how much Peugeot should contribute to the pensions of 685 workers, within the total job losses, who have been scheduled for early retirement by the company, and how much should come from the government. The government says it will accept the early retirements only if Peugeot pays a larger share of the cost than it was expecting.

CHIEF PRICE CHANGES YESTERDAY

New York ($)

Rises			
American Intl	84¼	+	1¼
Synergen	39¼	+	1¾
Western Capital	13⅛	+	3½
Falls			
Chrysler	18⅞	−	½
First Bank	26⅜	−	1⅛
Ford Motor	44⅝	−	¾
Glaxo	25⅝	−	1
Merck	143⅝	−	1⅞

New York prices at 12.30pm. Frankfurt and Paris closed.

Tokyo (Yen)

Rises			
Fuji Kosan	305	+	25
Japan Oil Trns	620	+	50
Kimura Chem	668	+	77
Meiji Machine	330	+	30
Nippon Koshuha	383	+	32
Renown	500	+	50
Taka-Q	790	+	71
Toyo Tire & Rb	492	+	47
Falls			
LEC	300	−	30
Showa Mining	210	−	20

London (Pence)

Rises			
AB Elect	92	+	13
Adwest	127	+	10
Albert Fisher	77	+	5
Ashley	32	+	5
Aviva Pet	112	+	14
BOA	28	+	5
Bostrom	142	+	7
Diploma	363	+	21
Gold Greenlees	229	+	10
Hi-Tec Sports	183	+	14
Huntleigh Tech	588	+	55
MEPC	358	+	14
Nobo	113	+	12
Royal Insce	224	+	9
[illegible]	23¼	+	3½
[illegible]	558	+	33
Transfer Tech	465	+	30
WPP	88	+	14
Wace	162	+	7
Falls			
BICC	331	−	13
Glaxo	720	−	24
Lasmo	217	−	21
Lowrie	95	−	11
Stroup Fisher	31½	−	3½

World Weather

UK Today: Temperatures near normal, but a brisk north-west wind will make it feel cool. Dry at first with some sunshine. Showers, spreading from the north and west, will die out during the afternoon.

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	18	64	Cairo	S	29	84	Inverness	R	8	46	Milan	F	17	63	Salzburg	S	17	63
Algiers	S	20	68	Cape Town	R	15	59	Isle of Man	C	9	48	Montreal †	C	[illegible]	30	S'Francisco †	S	11	52
Amsterdam	C	9	48	Cardiff	C	10	50	Istanbul	S	17	63	Moscow	F	17	63	Seoul	S	17	63
Athens	S	23	73	Chicago †	F	15	59	Jersey	S	12	54	Munich	S	17	63	Singapore	T	28	82
Bahrain	S	35	95	Cologne	R	11	52	Johannesburg	S	19	66	Nairobi	R	21	70	Stockholm	F	14	57
Barcelona	F	17	63	Copenhagen	S	13	55	Las Palmas	S	24	75	Naples	F	[illegible]	[illegible]	Strasbourg	[illegible]	15	59
Beijing	S	21	70	Corfu	C	24	75	Leeds	F	12	54	[illegible]		–	–	Sydney	C	[illegible]	[illegible]
Belfast	F	11	52	Dallas		–	–	Lisbon	S	23	73	Newcastle	S	11	52	Tangier	S	23	73
Belgrade	S	21	70	Dublin	R	10	50	Locarno	C	17	63	New Delhi	S	32	90	Tel Aviv	S	24	75
Berlin	C	17	63	Dubrovnik		–	–	London	C	11	52	New York †	S	13	55	Tenerife	S	25	77
Biarritz	Dr	13	55	Edinburgh	F	12	54	Los Angeles		–	–	Nice	F	19	66	Tokyo	F	18	64
Birmingham	C	11	52	Faro	S	28	82	Luxembourg	C	11	52	Nicosia	S	23	73	Toronto †	F	6	43
Blackpool	F	10	50	Florence	F	19	66	Madeira	F	[illegible]	[illegible]	Oporto	S	18	64	Tunis	C	14	57
Bombay	S	31	88	Frankfurt	R	12	54	Madrid	S	24	75	Oslo	R	8	46	Valencia	S	25	77
Bordeaux	R	14	57	Geneva	F	15	59	Majorca	S	20	68	Paris	C	16	61	Vancouver †	C	6	43
Boulogne	C	19	66	Gibraltar	S	19	66	Malaga	S	21	70	Perth	F	22	72	Venice	F	17	63
Bristol	R	10	50	Glasgow	F	10	50	Malta	S	17	63	Prague	S	15	59	Vienna	S	18	64
Brussels	R	9	48	Guernsey	S	11	52	Manchester	C	9	48	Reykjavik	F	5	41	Warsaw	C	13	55
Budapest	S	21	70	Helsinki	F	11	52	Melbourne	C	15	59	Rhodes	F	22	72	Washington †	S	12	54
Buenos Aires		–	–	Hong Kong	F	29	84	Mexico City				Rio de Janeiro		–	–	Wellington	C	13	55
				Innsbruck	S	19	66	Miami †	S	18	64	Rome	F	18	64	Zurich	F	18	64

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

THE LEX COLUMN

High hopes of low rates

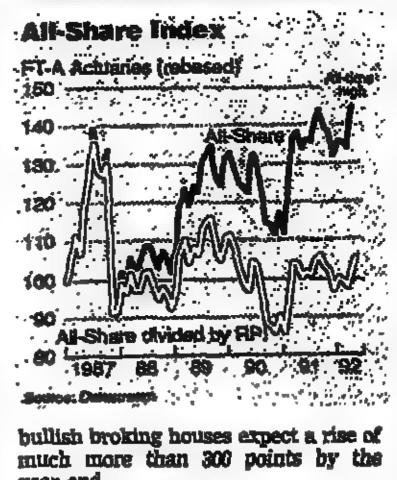
It looks as if a base rate cut might finally be on the way after all. Not only was the Bank of England discreetly but systematically intervening in the money markets this week. Yesterday's £800m issue of five-year gilts also seems designed to raise expectations of a cut. Since paper of such short maturity is more geared to short interest rates, it might prove difficult to sell if hopes were disappointed.

Of course, there is still a risk that a rate cut could backfire given the narrow differential with Germany, especially since markets there are worried about a seemingly runaway money supply. The risk was greater before the UK election, however. Sterling is now close to its DM2.95 central rate in the European system and the government could raise rates again with relative impunity if sterling came under pressure. The Bank can also study the reaction to its signal in continental markets on Monday before finally making up its mind.

Given sterling's strength, the Bank might be tempted to go for a half point cut. The received wisdom is that after the election, the UK is a beacon of stability. Germany is facing strikes, France has an election next year and Japan runs the risk of incipient financial crisis. The US has riots and Italy lacks a president.

Yet, despite the Bank's astonishing success in selling gilts since the election, it still needs the support of international investors to fund the PSBR. The UK might have less appeal if investors believed the rise in the exchange rate and the fall in interest rates had run their course. This is an argument for a quarter-point cut. A half point would imply the government is privately less convinced about the prospects for recovery than its public utterances suggest.

FT-SE Index: 2659.8 (+5.7)



UK equities

Talk of lower UK base rates has a certain aptness for the equity market. On Wednesday, the FT-All Share index closed at an all-time high. The previous record, set last September, was reached just two days after base rates were cut to their present level of 10.5 per cent. But in real terms, the market is still sadly adrift. To match last year's peak adjusted for inflation, the All Share would have to be 6 per cent higher than it is now. To match its previous peak in 1987, it would have to be 30 per cent higher. In terms of the FT-SE, that would require a rise of some 800 points. Not even the most bullish broking houses expect a rise of much more than 300 points by the year end.

Then again, that in itself suggests that the market is not wildly overpriced. This week, it repeated its performance of the week before by struggling a fraction higher in heavy trading. Plainly, the market is adjusting to the realities of weak and non-inflationary recovery. Even a half point cut in base rates would scarcely be grounds for a change of view.

Hafnia

A week is a long time in Scandinavian insurance politics. Even three or four days ago it still seemed that Denmark's Hafnia was destined to be swallowed up by Sweden's Skandia in what had the makings of a new and powerful Nordic alliance. Yesterday, however, institutional rumblings turned into shareholder revolt, with the result that Hafnia's board has now backed a rival DK1.5bn (£130m) reconstruction plan which seemingly re-establishes its independence.

Notwithstanding Hafnia's parlous financial condition, Skandia's offer was certainly niggardly enough to justify unrest. The more intriguing question, though, is whether the hand of the French insurance giant UAP is at work. There has long been speculation UAP might like to get hold of Hafnia's 33 per cent stake in its Danish rival Baltica, which it would then deliver to France's Groupe Victoire in return for control of Colonia of Germany. UAP has remained out of sight so far, but it would be no surprise if it popped up with a larger stake in Hafnia once the capital raising is complete.

Whatever the answer, Hafnia's *volte face* creates fresh problems elsewhere. Its erstwhile Norwegian ally Uni Storebrand – with whom it built a combined 48 per cent Skandia stake – can ill afford to hang on to these shares, which would have been cancelled as part of the Swedish offer for Hafnia. Skandia, whose shares have tumbled from SK140 just after the bid to SK118 yesterday, now looks to be stuck with two unhappy investors.

Lasmo

Shares in Lasmo fell 8 per cent on yesterday's announcement that the group is taking the first steps towards a US and Canadian flotation of Ultramar's downstream assets. In one sense, that seems a curious response. The UK investment community would be right to be wary of a disguised rights issue in the form of a demerger, as proposed in the past by such as Beazer and Maxwell Communication. But that is not what is proposed. Instead, Lasmo is to be applauded for seeking to bring in genuinely new cash.

The market's reaction may have been appropriate on other grounds. The chief implication is that Lasmo is hedging against failure to find a trade buyer for the assets. Presumably at this stage, any trade offers have been made on the basis that Lasmo is a forced seller, so the flotation option could be a gambit to get the price up. Lasmo must be hoping it works. Should the flotation have to go ahead, it is not entirely clear why investors should agree to pay up for assets the industry has deemed too expensive. If they did, the implications would be thought-provoking. If the US trade is right in its valuation of oil assets, it would seem to follow that the US oil sector, which has underperformed the US equity market by a fifth since the start of last year, has further to fall.

Index-linked

In these days of diminishing inflationary expectations, one would hardly expect index-linked gilts to be worth a second glance. Perversely, neglect since the election has increased their charm. Only if inflation averages well under 2 per cent during the next 10 years do conventional gilts offer a higher return to investors paying 40 per cent tax. Small wonder the Bank of England included £200m of index-linked in yesterday's offering.

Registered at the post office. Printed by St. Clements Press for and published by The Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL.

Weekend FT

Weekend May 2/May 3 1992 SECTION II

England's knight of the square table

When Nigel Short beat former world champion Anatoly Karpov in the world chess semi-final this week **Dominic Lawson** was in his corner

FIVE minutes before Nigel Short's decisive final game of his match against the former world champion Anatoly Karpov, I was sitting with him and his second, the Czech-born Grandmaster Lubosh Kavalek. My own stomach was aching with tension – and I was not the one about to face destiny or despair against a Russian with a machete for a brain.

The world now knows that Short won, to clinch the world championship candidates' semi-final by six games to four. This put him within one match of meeting Garry Kasparov for the world title. But at the time Short was only too well aware that a win for Karpov in the last game would have tied the match and forced a speed chess playoff – the chess equivalent of the penalty shoot out.

Short had his own way of coping with the tension: he grabbed his much-travelled guitar and began playing a punk song: "I don't care." When he stopped Kavalek said "OK. Good. Now you must have piss." I agreed with Kavalek that Nigel did need to have a moment of peace before the most important game of his life. "No, not peace, piss," said Short's trainer. He was simply trying to make sure that his charge did not waste time emptying his bladder during the game.

In fact this routine was unvarying before every game. Similarly Kavalek – who was Bobby Fischer's second in the 1972 match against Boris Spassky – always woke Nigel at 11.30am – and the three of us would take the same walk around the town of Linares singing the same song: "Mad Dogs and Englishmen go out in the midday sun". Then we would eat lunch at exactly 1.30pm in the same restaurant, and Nigel would order the same dishes every day. Dinner would also be governed by routine. The point, as Short explained, was this: if every aspect of normal life is deliberately made mind-numbingly predictable then all thought and capacity to absorb stress is devoted to chess, and Nigel could sit down at the board against Karpov with the maximum of mental energy.

This all sounds very rational, but routine is closely linked to superstition, and in my experience superstition is endemic among chess grandmasters. Nigel's took relatively mild forms: certain tables in restaurants were thought to be lucky, because we had sat at them before a victory. Karpov's superstition amounted almost to a disease: he did not like to play on a Monday; he would not wash his hair unless he lost a game – fortunately he lost quite a lot in the match. And for the final game Karpov wore an immaculate blue suit that he only wears during particularly vital games. He calls it his "executioner's suit", according to his great rival, the world champion Garry Kasparov.

Nigel's biggest concession to irrationality was, on our walks, to enter the main Catholic church in Linares, and, in spite of his professed atheism, to offer up a prayer before each game. Once I asked him what he was praying for. "At first I said 'please God let me win this game', but then I realised that was asking too much. So instead I asked 'God, please give me the strength to beat this shit-head'."

Yet science rather than religion was at the heart of Nigel's victory. The depth of his preparation astounded not just me but also the grandmaster pundits. Kavalek's tennis player forearms were constantly bulging with the strain of carrying around a 120 megabyte computer containing – so he told me – 1m games of chess. Karpov's games were logged in fantastic detail, evaluating his successes and failures by openings, middle game positions and endings. At a switch of a button Karpov's games would appear on the plasma screen of the computer in diagram form.

Nigel would spend hours glued to the flickering screen absorbing the complete history of his opponents's chess psyche at enormous speed: each game would last about a minute, with Nigel only occasionally muttering to Kavalek "Let me see that in slow motion" and the pieces began to move at a speed which my naked eye, at least, could follow.

The benefits of this were seen especially clearly in the wonderful eighth game, the best of the match, and one of the most brilliant ever at this level. Nigel took only an hour for all his moves. Karpov had used that much time by his 18th move, at which point Nigel, so he later told me, was still in the analysis prepared for the game.

This is not to say that Nigel's success is all about hard work. He is a chess genius, as we all suspected when at 12 he beat a former 12-times British champion, Jonathan Penrose. But last week he has proved what we also know from other sporting champions: that genius without discipline is only an elegant way of finishing second.

■ *Dominic Lawson is editor of The Spectator*

Leonard Barden and David Spanier chart the rise of England's king

THE appeal of chess is as much physical as cerebral. It is a game of emotion, face to face, an outlet for aggression, which briefly satisfies winners but can totally unnerve and exhaust losers. Chess as a kind of mathematical struggle, a formalised and ritual logic, is an illusion.

Nigel Short sees chess as a violent, often painful battle of egos. Short used to have a detached technical view of the game but that altered with exposure to the bruising personality war among top grandmasters.

Anatoly Karpov, who Short beat in Linares, held the title for 10 years from 1975-85, between the abdication of the eccentric American Bobby Fischer and the crowning of the present champion, Garry Kasparov. He had never lost a match except for his epics with Kasparov.

Short demolished him, in spite of losing the first game when Karpov contemptuously refuted the Briton's carefully prepared gambit. Short attributed his success to keeping calm and not rushing his response. Instead he adopted the same Fabian tactics which Kasparov had used against Karpov in the Moscow winter of 1984-5, grinding out a series of marathon endings. Karpov is 40, his stamina suspect; and it showed in game six when he gave away his queen, the worst blunder of his career.

Short has already campaigned for the world title for almost a decade. Twice previously he was eliminated in earlier rounds, but this time he has survived a qualification tournament in Manila, plus elimination matches in London and Brussels. He now meets Jan Timman of the Netherlands, the other finalist to emerge from the candidates matches. Their series, inevitably at Linares, will determine who becomes the first Westerner since Fischer to challenge for the title. Garry Kasparov's title defence will be staged in Los Angeles in August 1993.

The revival of British chess is a phenomenon which in any outdoor sport would have attracted banner headlines. It began in 1976 when two English players, Tony Miles and Raymond Keene, achieved the grandmaster title, which guarantees entry and an appearance fee for top events. The GM title has since been diminished by inflation, but at the time it implied performing well against the top Soviets. Miles is still competing around the world, while Keene is a prolific writer on the game – his latest book, appropriately, is *Nigel Short World Chess Challenger* (Batsford £10.99).

Grandmasters need to be competitive sportsmen who can also absorb a vast bank of knowledge of opening moves and strategies. The state-supported Russians had full-time coaches, specialist journals and card indexes on potential rivals. In the 1970s Batsford and Pergamon began to publish books with new analysis, while former British champion Bob Wade built a research library at his Blackheath home which proved a match for the analysts in Moscow's Central Chess Club on Gogolevsky Boulevard.

The global chess boom after the Fischer-Spassky match, together with Britain's early successes, inspired a talented generation of teenagers. In the 1930s the Russians had given their rising stars special coaching, games against visiting champions, and early opportunities. The British Chess Federation decided to follow suit, and to start still younger at primary age. Teams of children competed in weekend congresses and played as an England junior squad against the Soviets who visited the annual Hastings congress. The significant year was 1976 when Viktor Korchnoi, then the world No 2, met a team of 30 boys and girls at a school in Islington. Eight of them later became GMs or masters, but after a six-hour battle Korchnoi lost just one game, to his youngest opponent, Nigel Short. The BCF published world age ratings showing Short as the world's best 10-year-old; the corresponding list for age 12 had at the top the Soviet junior champion, Gary Kasparov.

The Russians have always been good at chess. Its popularity goes back 1,000 years in Russian culture, and before the Revolution the great tournament of St Petersburg 1914 was held under court patronage. Both Marx and Lenin were enthusiastic though very amateurish players. One of Lenin's aides was Nikolai Krylenko, who believed chess could be a cheap character-building influence in the revolutionary struggle.

The result was official encouragement and state funding for chess at all levels of society. World champions Emanuel Lasker, José Capablanca and Max Euwe visited the USSR, competed in great tournaments at Moscow and Leningrad, but had to struggle against massed teams of schoolboys. Capablanca was persuaded to visit Leningrad on his free day at the Moscow 1925 tournament, and lost to the city's star junior Mikhail Botvinnik, 14. Next day, back in Moscow, the exhausted Capa lost to his Soviet opponent. Chess gamesmanship is an ancient art.

In 1948, Botvinnik himself became world champion, the leader of what propagandists called the Soviet school of chess which has dominated international play ever since with a brief interruption by Bobby Fischer. The USSR Chess Federation received a generous budget from the sports authorities and grandmasters were among the elite permitted overseas travel.

Compared with this, the UK chess boom of the 1970s operated on a shoestring. Yet while better financed sports failed to produce a home-grown champion, chess discovered an entire generation. There was basic state support for some overseas travel, but the seed money came from Jim Slater and Lloyds Bank. Slater, the financier, added £50,000 to the 1972 world title prize fund which persuaded Fischer to play Spassky. Then he offered £15,000 for the first five British

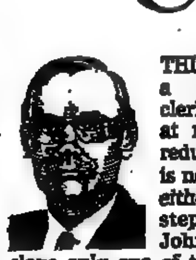
Continued on Page XX
Chess column: Page XIX

CONTENTS

In France even educated fleas do it: a holiday studying the romance of the Provençale countryside ......Page XI

The Long View/**Barry Riley**

Cheques and balances



THIS IS is no time to be a banker. Humble clerks are kept awake at night with fears of redundancy, and there is no security at the top either: after this week's stepping aside by Sir John Quinton at Barclays only one of the Big Four's chief executives has been in place for much more than a year, and none appears to have gone exactly to schedule. The survivor is, of course, Lloyd's Brian Pitman, the main driving force behind his bank's controversial bid for Midland.

One statistic is relevant here: in March, bank and building society lending actually fell (by some £500m), the first time this has happened for many years. Bank customers in aggregate actually repaid part of the principal, as well as stumping up the interest.

It is difficult to exaggerate how shattering this experience of contraction is to the banking industry. Rapid growth rates have been the experience for many years. Manufacturing industry may have suffered recessions, but this never seemed to apply to the banking sector. In difficult times inflation came to the rescue. Look at M4, not a motorway to Wales but the broad definition of the quantity of money, which includes bank and building society deposits. Money is the banks' raw material and it has grown in quantity from £97bn at the start of 1980 to £510bn.

Until about 1985 the government was attempting half-heartedly to control monetary growth but then it more or less gave up the struggle. The banking industry boomed, and the annual growth rate of M4 rose from 14 per cent in 1984 to 19 per cent at the beginning of 1990. On the other side of the balance sheet, lending was bounding ahead. At the start of 1980 the outstanding volume of house purchase loans was £45bn, but now it is over £320bn: an annual growth rate of 18 per cent.

By 1990 interest rates had reached 15 per cent and the government was forced to trigger a recession in order to prevent inflation running riot. The year-on-year M4 growth rate has plummeted to 5.6 per cent and may still be falling (building societies suffered an outflow of funds of £172m in March); in real terms monetary growth is therefore just about nil, which is why monetarists are so pessimistic about the prospects for economic recovery, and bankers are getting into such a mess.

The demand for money was high in the 1980s because the real cost of borrowing appeared to be so low. This real cost was best measured not in terms of retail prices but of asset prices: the prices of shares (until 1987) and houses (until 1989) went up far faster than the interest accumulated on borrowings. The final surge of borrowing was in 1989 and 1990 by acquisitive companies, which thought that the value of properties and businesses would continue to climb indefinitely. Huge bad debts have subsequently been incurred by the banks on this final phase of the lending boom. Bad debt provisions in aggregate by the Big Four clearers were £5.6bn for 1991, and this week a County NatWest study suggested there could be up to another £4bn of clearing bank provisions still to come against property debts alone.

Now the real cost of borrowing has become very high. Asset prices are unexciting: true, share prices hit an all-time peak this week, but the growth in the All-Share Index over the past year has only been about 6 per cent, not enough to make borrowing to buy shares worthwhile, and property prices are still falling.

Will the banks and building societies manage their contraction any better than they managed their expansion? There are grave risks of a further decline in the quality as well as the quantity of their loans. We are seeing creditworthy companies paying off bank borrowings through equity and bond issues. But the troubled corporate customers will remain in debt, and interest is rolling up at 12 to 15 per cent a year. Home owners are paying off their mortgages where they can, but those in difficulties are caught in a trap from which there is no escape. People have been scared, and for many years home buyers are likely to take out the smallest mortgage they can get away with rather than the biggest loan they can afford.

The instinct of the squeezed lenders is to raise their margins to cover the bad debts. The good borrowers will pay for the bad. We heard a lot of squeals from the small business sector last year as this increase in rates and charges was put into effect. Not only is such a shift perceived to be unfair, but there is a further encouragement for sound customers to seek other forms of financing. Foreign banks may find lucrative opportunities to cream off the good quality business – although fortunately for the British banks a lot of the once-powerful overseas competitors have their own problems. Not so Hongkong and Shanghai Banking Corporation, however.

The Hongkong Bank's intervention represents a serious threat to the other clearers. They had hoped that Midland, as financially the weakest of the Big Four, would be forced to bear the greatest burden of the industry's retrenchment. But Midland could be shored up by Far East money. Any recovery in the pathetic returns on shareholders' capital in the British banking industry could be postponed, and the other clearers could be forced to shrink more drastically instead. No wonder Lloyds felt obliged to adopt desperate tactics by launching (well, *almost* launching) the first contested takeover bid for an English High Street bank.

Doubtless the public – especially those noisy small businessmen – will celebrate the prospect of Lloyds being beaten off by the Monopolies Commission. But shareholders and staff of the other banks should worry. There is no M4 escape route any more.

■ Serious Money: Page II

MARKETS

London Markets

The lessons of a German sideshow

By Peter Martin, Financial Editor

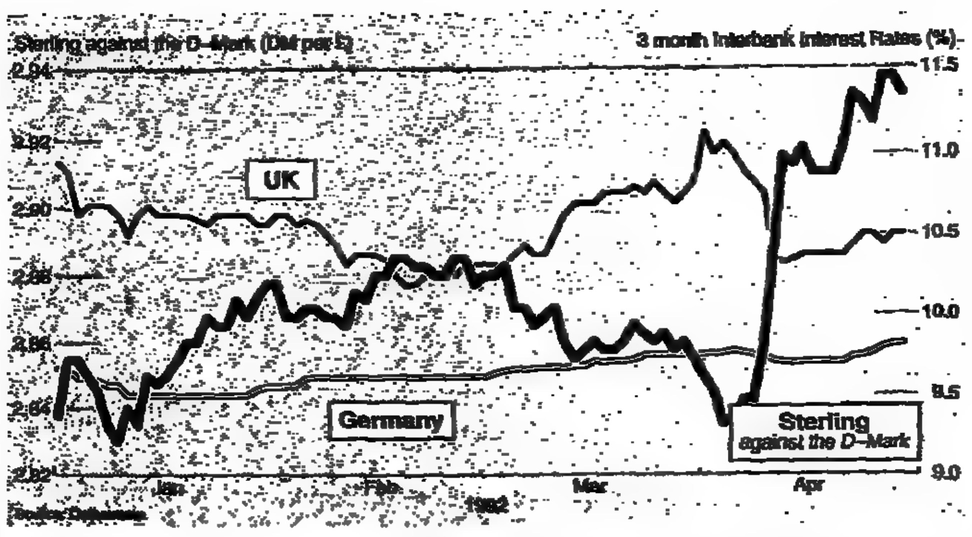
THE FLAMES over Los Angeles vividly demonstrate that these days, happily, continental Europeans are somewhere in the Isthmian league of social unrest, down with the equivalents of Wivenhoe, Carshalton, or Bognor Regis. Still, though the strikes and political upsets in Germany by now look a side-show, they have direct implications for UK financial markets.

The short run effects are already visible – a firming of the pound, a closing of the gap between UK and German interest rates, a relatively more favourable view of the UK as a political risk.

By the end of the week, the pound was trading at DM 2.93, up only ½ a pfennig on the week. But the margin by which UK short-term interest rates exceed those in German had narrowed to half a percentage point, compared with 0.8 points at the start of the week; and the equivalent spread for long-term rates had closed to 1.2 percentage points, compared with nearly 2 points at the beginning of April when electoral uncertainty was at its height. A £2.5bn auction of gilts, on Wednesday, received a warm response, with investors – including some from overseas – eager to bid high for the stock.

Equities failed to demonstrate a corresponding degree of enthusiasm. The FT-SE index closed the week at 2659.8, up 16.8; after the first post-election surge, on Friday April 10, it has risen only 3.3 per cent.

This week's lack of enthusiasm may reflect the view that, in the longer term, the implications of the German developments are not quite so favourable. The Bundesbank – now, in effect, Britain's central bank too – is trapped between two forces. One is the need to raise interest rates still further, in the face of stubborn inflation. The second is need not to rock the boat at a time of political strains within the governing coalition in Bonn.



If, as a result, the Bundesbank does nothing, the outlook for the German economy is stagflation: slow growth, persistent inflation, high interest rates. Tied to those interest rates through the ERM, the UK risks suffering similar growth consequences, though in the immediate future the return of consumers' confidence will help ensure a healthy first phase of the recovery.

Equities will benefit, however, if another of the week's developments points the way to a healthier gilt market towards the end of the year. On Monday, Norman Lamont, the chancellor of the exchequer, warned of a "tight public expenditure round" in the negotiations between the treasury and the spending ministries that start start in the summer. Chancellors always say something like that at this time of year; the next phase of the softening-up process, due shortly, produces equally traditional headlines like TOUGHEST SPENDING ROUND IN YEARS, SAY MINISTERS.

There are grounds for thinking, though, that this time the wolf has come. On Monday, Lamont spoke of the need to keep "a very wary eye on the fiscal position over the medium term," which is treasury language for spiralling deficits as far as the eye can see. If John Major is serious about aiming for low inflation and low taxes, his government has every incentive to bite the spending bullet in the first year of a new term.

We will know how far Michael Portillo, the chief secretary to the Treasury, has succeeded in doing this when the public spending white paper is published in late autumn. A serious attempt to rein back the future growth of the deficit would make the UK gilt market much more attractive; and lower gilt yields would produce a corresponding upwards revaluation of equities.

All that lies ahead. In the short-term, the market has the takeover battle for Midland Bank to chew on. Or rather, it hasn't: though both Lloyds and Hongkong and Shanghai Banking Corporation are keen to buy Midland, neither of them has made a formal bid.

The Hongkong Bank has issued a 59-page press release as a sort of harbinger of the offer document due by May 12, on which Schroders, its adviser, is now working hard. The price to be offered for every Midland share, says the press release, is one share in HSBC, the Hongkong Bank's London-based holding company, plus a bond valued at £1. At Friday's closing prices, that valued Midland's shares at 402p.

On Tuesday, Lloyds issued a heavily qualified indication of its desire to bid. It, too, has come up with a price, one Lloyds share plus 30p for every Midland share. That values its target's shares at 437p.

Meanwhile, Midland closed yesterday at 381p, up 51 per cent since the first public indications that a bid was on the way, in March, but still 19p below the lower of the two bids. There is clearly a great deal of doubt about whether the Lloyds bid will get past the competition authorities; but there is a lingering scepticism about the prospects for the Hongkong Bank bid, too. Perhaps Sir Peter Walters might remain chairman of an independent Midland after all?

If so, he will have time to turn his attention to another of the week's minor trends: the growing difficulties company chairmen seem to have in controlling annual general meetings. Sir John Quinton, Barclays' chairman, was splashed with white paint immediately before the bank's agm on Thursday by an unidentified protestor. Sir Denys Henderson, chairman of ICI and one of Barclays' non-executive directors is said to have joked: "I hope it was Dulux". If he did, he got his come-uppance the next day: on Friday, at his own company's agm, he was electronically barracked by tape recorders hidden in environmental protestors' briefcase. Company chairman will soon be forced to adopt the motto of the Sardinian camorra: an injury to one is an injury to all.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2659.8	+16.8	2684.9	2382.7	Economic recovery hopes
Airtours	325	+22	337	203¼	Firm holiday bookings
Albert Fisher	77xd	+13	82	58	Reaction to US presentation
BICC	331xd	-25	369	302	Charterhouse sell
British Airways	293	+21	295	219	UBS buy recommendation.
British Land	202	-11	275	164	Properties weak
BP	270	+23	304	239½	Stock undervalued
Fisons	390xd	+39½	405	314	Asset disposals
Lloyds Bank	407	-17	432	346	Bid for Midland Bank
Norweb	347	+24	352	226	Utilities firm ahead of results
Ratners	21½	+6¼	29	14½	Bid rumours
Saatchi & Saatchi	23¼	+7	23¼	12	Overseas buying for recovery
Tarmac	144xd	-10½	161	103	Bid talk recedes
Vodafone	349	-19	386	300	James Capel negative
Whitbread A	469	+19	491	347	Well placed for economic pick up

Serious Money

Why the Midland battle matters

By Philip Coggan, Personal Finance Editor

SHOULD Midland depositors care whether Lloyds or Hong Kong & Shanghai takes over their bank?

There are two fundamental issues. If Lloyds takes over, will the elimination of one of the big High Street banks mean a reduction in competition and a poorer deal for the consumer? Or will a takeover by either bank strengthen Midland sufficiently to improve the service to its customers?

The case from Lloyds is that the cost savings which would result from a merger (£700m over four years) will be reflected in more competitive pricing of products and a higher quality of service.

Lloyds also argues that its own customers will benefit from a larger and geographically more diverse range of branches – Midland is stronger in the north and Lloyds in the south. In addition, the merger would result, says Lloyds, in significant advances in information technology and, as a consequence, in products and services.

Finally, Lloyds says that a merged bank will be able to offer all its customers the best products and services from the ranges currently offered separately.

The other side of the coin is that Midland depositors will inevitably see a large number of their branches disappear, as part of the Lloyds cost cutting drive (even though they will now have access to existing Lloyds branches). And the Midland name will disappear, which means new cheque books, cards etc for depositors – which could be a considerable inconvenience.

The cynical might also wonder whether the cost savings will really be as large as Lloyds suggests. All too often, the "economies of scale" that are supposed to result from big company mergers turn out to be illusory. Mergers can be motivated by mere "empire-building" on the part of company managers.

Indeed, there is a more fundamental point. Even a "more efficient" Midland – whether under the aegis of Lloyds or Hong Kong & Shanghai – might still not be able to offer the kind of service that Weekend FT readers need.

Long gone are the days when consumers popped down to the branch every week to have a word with their friendly bank manager. Many are happy simply to use the cashpoint machine to withdraw money and therefore rarely enter their branches at all.

Many building societies and smaller banks have lower costs and greater flexibility than the big High Street banks. It is hard to think of a service offered by a big bank that is not available elsewhere.

And it would probably be profitable for many depositors to move their accounts. Remember all the fanfare about interest-bearing current accounts? Well, at Lloyds, depositors get just 2.53 per cent gross on balances of up to £5,000, at Barclays and NatWest the rate is a measly 2.02 per cent.

Midland has a rather better record in this area. Its Orchard account pays 3.04 per cent on positive balances. And First Direct, its innovative telephone banking system, pays a healthy 4.34 per cent on balances of over £1,000. (Lloyds has indicated that it will be happy to keep First Direct.)

But the Save & Prosper/Robert Fleming Classic account pays 7.25 per cent gross on balances of over £1,000 (and 2.53 per cent of balances below that figure). Cheque books, standing orders, direct debits etc are all available on the account.

Add in the many high interest cheque accounts, or the money market unit trusts where double-digit returns are available on deposits of £1,000 plus, and it is clear that it is only inertia which has kept many customers at the high street banks.

The public image of banks is certainly low at the moment. The general suspicion is that banks have tried to recoup their losses on Third World and property loans by racking up charges on individual and small business customers.

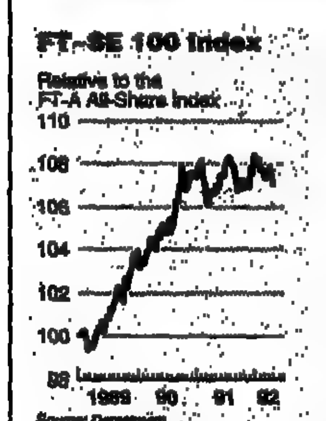
It is certainly true that banks have come to realise that their personal customers are a highly valuable resource. Which other industry has such intimate knowledge of the financial strength of its customers?

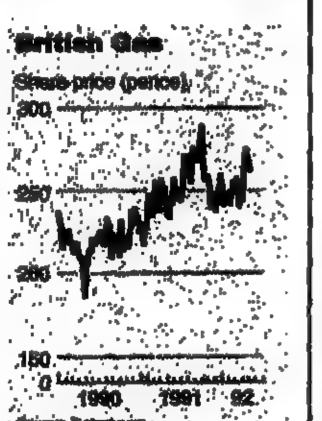
Although none of the banks has made much of a fist at selling shares to their depositors, they have made great strides in the field of life insurance. Lloyds has perhaps been most successful at this – via Lloyds Abbey Life. With NatWest linking up with Clerical Medical, bank customers in general can look forward to being on the receiving end of an insurance marketing blitz in the 1990s. There is unlikely to be any escape from such "cross-selling" – many of the other institutions offering banking services have the same ambitions.

Customers should not be surprised that people are trying to make a profit from them – that is the nature of the capitalist system, after all. The answer is to be hard-nosed and businesslike in selecting your financial institution.

So, to return to the question of whether customers should care who wins the Midland takeover battle – they should take the opportunity to look round the marketplace and see if they can get a better deal elsewhere. By all means give a combined Lloyds/Midland or Hong Kong & Shanghai/Midland a chance to prove they can improve service. But if a merged bank fails to deliver, vote with your wallet and switch your account.

AT A GLANCE





Smaller companies pick up

Investors are still waiting for the long term outperformance of smaller company shares to reappear. As the graph shows, Footsie stocks have easily outstripped those in the much broader All-Share Index since the start of 1989. This week, small company shares have continued their post-election rally, with the Hoare Govett index (capital gains version) up 2.4 per cent to 1248.57 over the seven days to April 30 and the County Index also rising 2.4 per cent to 984.92 over the same period.

British Gas Pep is launched

British Gas has launched a £6,000 corporate Personal Equity Plan and a £3,000 single company Pep for those who wish to invest in its shares. There is no initial charge and the management charge is 0.25 per cent plus VAT; dealing commission is 0.25 per cent plus VAT. Current Gas shareholders can transfer their shares into the Peps for a flat charge of £10. Plan manager is National Westminster Bank, from whom application forms can be obtained at: NatWest Pep office, 55 Mansell Street, London E1 8AN.

Halifax account change

Halifax is replacing its fixed interest Monthly Income Xtra account on Tuesday with a new account called Guaranteed Reserve. The new account differs from Monthly Income Xtra by giving gently tiered rates of interest and a choice of fixed terms, ranging from six months to five years. Like the old account, the minimum deposit is £2,000. The one-year fixed rate on £2,000 is 9.65 per cent gross (7.24 per cent net). Income is payable monthly or annually, or on maturity.

New BES offered

The 1992-93 tax year is but a month old and already there is a new Business Expansion Scheme. Johnson Fry is offering a "buy-back" offer in conjunction with Mortgage Express, TSB's central lender which withdrew from the market for new business last year. The BES company – called the Johnson Fry Mortgage Express Super Growth Scheme – will buy property from Mortgage Express. TSB has covenanted to buy it back in five years, should Mortgage Express fail to do so, at a price equivalent to £1.15 for every £1.00 share. The company says it is launching now to avoid possible falls in interest rates.

Share dealing links stepped up

Stockbrokers Wise Speke has stepped up its share dealing links with the Skipton and Leeds building societies. Leeds is offering postal and telephone share selling service for the privatised companies, starting at £9.95 per sale. Deals over £2,500 bear a commission of 0.75 per cent. For non-privatised shares, the minimum is £19.95 and the rate for deals over £2,500 is 1.25 per cent. The service is only available to Leeds savers.

Skipton has a full dealing service for shares, gilts and other fixed interest stock. A £5 fee obtains life membership for the service; after that the minimum commission is £15, with 1 per cent for deals between £1,500 and £5,000 and 0.1 per cent for additional sums over £5,000. The dealing helplines are 0532-347555 for the Leeds and 0532-444095 for the Skipton.

ISIS launches loan scheme

ISIS, the Independent Schools Information Service, has launched a new loan scheme to pay school fees in conjunction with Halifax Building Society and financial advisers Claremont Savile. It is a remortgage facility which allows parents to draw down up to 75 per cent of the value of their house in minimum tranches of £1,000 four times a year.

Wall Street

Optimism as motors look on the mend

AFTER 18 months of bleeding red ink, and years of being pilloried as industrial dinosaurs, the car makers of Detroit won a little respect on Wall Street this week. General Motors and Ford Motor reported first quarter results better than analysts' forecast and a return to profits.

The earnings – \$179m in the case of GM and \$337.9m for Ford – were admittedly small relative to the companies' sizeand relied heavy on profits from their non-automotive operations. But they did show a sharp reduction in the losses of their North American operations.

Motor stocks have been moving upward for some time in anticipation of recovery, although GM suffered a relapse a week ago when it announced a \$2.3bn stock offering. This week's figures gave them another shove and set off a modest rally in the broader market.

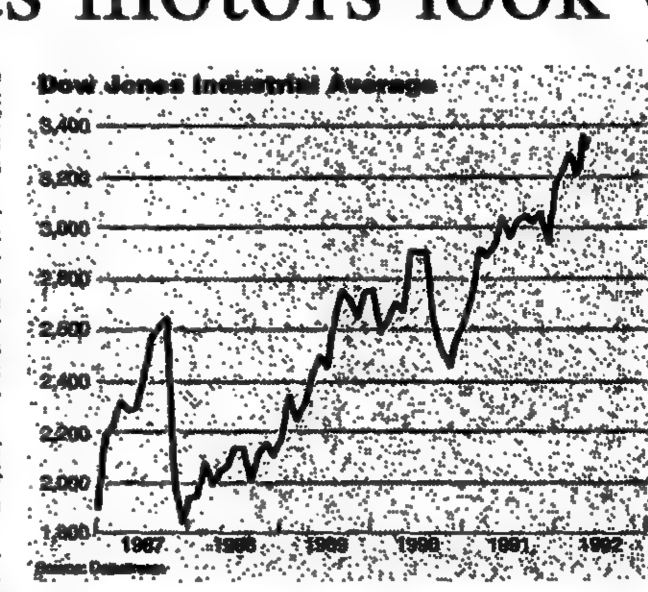
The mood cooled on Thursday when Chrysler, the smallest of Detroit's Big Three, reported a \$231m loss before accounting changes. But that was due largely to the cost of introducing new models this year which could transform its performance for the better.

Overall, motor industry figures reinforced the impression given to the market by a season of broadly better-than-expected corporate results: the economy is slowly but surely on the mend, and profits might spring back later this year more strongly than expected.

It is this sentiment which took the Dow Jones industrial average to an all-time high of 3366.50 on April 16 and has sustained it since.

It has also underpinned a movement by investors from growth stocks – companies which tend to grow faster than the economy – into cyclicals, which tend to track the economy.

Yet some caution is in order. First, the latest batch of economic statistics shows an economy which is growing only slowly – 2 per cent in the first quarter. Consumer confidence is on the rise, but figures yesterday, from the National Association of Purchasing Managers, which tracks economic expansion, were weaker than the market was expecting.



The car companies warned about the fragility of the recovery through earnings reports and the same tone was struck by the large steel companies, such as USX and Bethlehem Steel, when they reported continued losses in their steel divisions.

In short, while most analysts expect a slow, sustained economic recovery for the rest of the year, it is just conceivable that the upturn could peter out, as last year's spring burst did.

The stock market also has features which are making some analysts edgy. The DJIA, which is comprised of blue chip stocks, has been outperforming the broader market for some time, which is often a sign of a correction ahead. Technical analysts point to weakness since February in the ratio of stocks with rising share prices to those with falling ones.

The stock market rally which began last December was powered initially by falling interest rates, encouraging investors to take funds out of fixed income accounts and seek higher returns in shares. Over the past month or two the bull has been sustained more by expectations of rising earnings, and share prices are now discounting fancy leaps in profit.

Three factors could limit the market's scope for substantial advances, or prompt a significant, downward correction. One is if the economy fails to provide the backdrop for the expected good earnings news.

The second is interest rates. Concern about the Federal Government's borrowing needs, as well as the threat of inflation implicit in economic recovery, has kept the yield on the 30-year Treasury bond above 8 per cent for the past few weeks.

The Wall Street consensus is that bond yields will fall. But if bond yields remain high, they will encourage fund managers to switch out of equities.

The third is politics. Ross Perot, the Texan who may run as a presidential candidate, is gaining on President Bush in the opinion polls. There is a long way to go to November's election, but growing uncertainty about the outcome is starting to make the market a trifle nervous.

Martin Dickson

Monday	3304.56	− 19.90
Tuesday	3307.92	+ 3.36
Wednesday	3333.18	+ 25.26
Thursday	3359.12	+ 25.94

The Bottom Line

Oil stocks are only for the strong-hearted

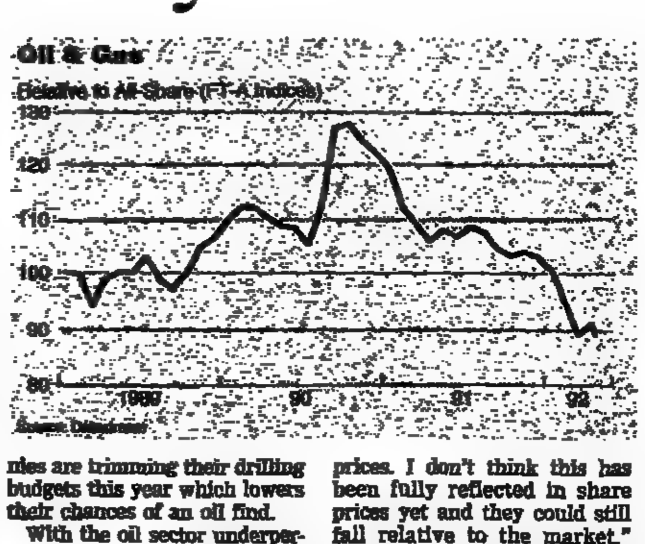
TONY Craven-Walker, chief executive of Monument Oil and Gas, spends much of his time pondering ways in which small oil companies can offer value for shareholders. Monument is one of the UK's band of independent exploration and production companies. These put so much money into searching for oil that there is seldom any left to pay dividends. At the same time, the rise and fall of their share prices is tied closely to the fluctuations in world oil prices.

This year oil prices are low: for UK companies forced to cope with the dollar-sterling exchange rate, they have sunk to their lowest level in real terms for 20 years. Low oil prices have pushed UK oil company stock prices into the doldrums. What is more, the stock market has started to lose faith in a long-term increase in oil prices which undermines the argument for buying into the sector in the first place.

Craven-Walker would like to find a novel way of offering a pay-out to shareholders. In any case, Monument can offer more long-term value than some of its counterparts because of its stake in the Morecambe Bay field in the North Sea. This field produces gas for which there is strong UK demand at prices which are often uncoupled from the oil market.

The last week has seen a small pick-up in the price of oil, giving a boost to oil sector shares. But the price rise was probably more for technical reasons than because of any strong upturn in demand and is unlikely to be sustained.

Chris Fay, exploration director at Shell, has commented that the industry is working on the margin of economic viability. Most UK oil companies can make money with oil prices at around \$18 a barrel but those with high costs such as Lasmo and Clyde Petroleum will struggle. At the same time, almost all exploration companies are trimming their drilling budgets this year which lowers their chances of an oil find.



With the oil sector underperforming the FT-All Share index by at least 10 per cent this year, some pundits argue that oil stocks are a cheap buy. Not everyone agrees: "The sector is bombed out, but there has been a significant change in perceptions about future oil prices. I don't think this has been fully reflected in share prices yet and they could still fall relative to the market," said Simon Flowers, industry analyst at County NatWest in Edinburgh.

County NatWest has joined many other industry observers in revising its forecast for oil prices downwards to \$23 a barrel in 1997 compared with its previous estimate of \$26 a barrel. It bases this on commitments by members of the Organisation of Petroleum Exporting Countries to boost production capacity along with expectations of a slow increase in world oil demand.

Money invested in oil stocks is a hedge on the future direction of oil prices in general. More specifically, investors could be expressing confidence in a small company's ability to find oil. But this is a big bet.

Oil stocks, particularly the small independent exploration companies, should carry a health warning. Investors who piled into Kelt Energy when its share price hit £3 three years ago as the company looked as if it was having a successful run on exploration, have seen their holding plunge to virtually nothing today. A group of banks is running the company in a bid to recoup some of the money lent.

Tullow Oil is currently generating a lot of excitement: it is focused purely on oil exploration and has enjoyed some success. Investors could easily see the value of their holdings double if the company makes a big discovery, but they could equally lose their entire stake.

Shell and British Petroleum are much a safer bets on the oil price. Of these two, Shell is financially stronger and its shares are likely to continue their steady rise while dividends keep pace with inflation over the long haul.

BP is more risky since if oil prices continue in their current vein, it is unlikely to be able to sustain dividend payments at current rates.

In spite of the gloom over future oil prices, the sector could still prove lucrative for the strong-hearted investor. Oil prices have a tendency to confound expectations. Any political upset in the Middle East could send prices soaring while exploration stocks take off.

Deborah Hargreaves

FINANCE AND THE FAMILY

Filling in your tax return? Here's the form

*The yearly chore of Revenue form-filling is here again. **Scheherazade Daneshkhu** provides a user-friendly guide*

IF YOU have not yet received a tax return from the Inland Revenue, you are unlikely to get it now. Those who have must find time to fill in their return for 1992-93, which covers income for the year ended April 5 1992.

It should be sent back within 30 days, although in practice the Inland Revenue will not levy penalties unless the form is still not returned by October 31.

Those who have received a form will usually either be self-employed or have earnings from sources other than their full-time employment. Sometimes the Revenue sends a tax return form – usually a blue P1 form – to employees to check that their circumstances have not changed. Otherwise, most employees will receive a brown P11 form and those who have their own business, a blue 11 form. Partnerships will receive a pink form 1.

Several key issues need to be addressed:

■ **Do you need an accountant?**

Employee: If you are employed with a salary of up to £50,000 and receive few benefits, you probably do not need help in filling in the form, unless you are very busy and know that you will never get around to it.

However, if you are a high earner with many perks it may be worth getting professional help, according to Jennifer Ainsworth, tax partner at Moores Rowland chartered accountants and president-elect of the Institute of Taxation. In such circumstances, Ainsworth says there is more room for technical error and for the Inland Revenue itself to make mistakes.

Perks include a company car, private medical insurance, payment in the form of gold bullion, or part payment through incentive schemes such as holidays or clothes. Your *employer will have to fill in a P11D* form detailing benefits paid to you but you must also list these benefits *in your own form.*

Those with a lot of investment income will also need advice.

An alternative to employing an accountant full time is to make a one-off visit. For a fee, the accountant should check that you have filled in the form correctly and should spot whether you are missing out on any entitlements.

Self-employed: The self-employed will almost certainly need an accountant. The self-employed generally have two sets of tax returns to file – their personal tax return and that of the business. These may be at different times of the year, depending on the date chosen to make up the business accounts.

Businesses with an annual turnover of £15,000 or more have to produce accounts to the Revenue. Those who have a part time business, such as consultancy, will find it worthwhile to have an accountant in order to establish allowable expenses.

The type of accountant you need depends on the complexity of your accounts. Large City firms may be highly competent but will be expensive for those with relatively straightforward needs.

Steven Coleman, of the Institute of Chartered Accountants, suggests finding an accountant from one of its 22 district societies. Call the ICA on 071-606-7060 and ask for the telephone number of the district society nearest you. Select two or three firms in your area and "see them all," says Coleman. "Ask what they *are going to charge, how quick they* will be in dealing with your accounts and see if you like them."

The Institute of Taxation on 071 235 9381 will also give details of tax advisers in your area. Accountants' fees vary widely according to the firm's size and location. Fees start at about £20 to £25 an hour for country practitioners and go up to about £100 an hour or more in the City.

Filling in the form

Peter Wyman, tax partner of Coopers Deloitte and chairman of the Tax Faculty of the Institute of Chartered Accountants, says there are two main problems. The first is that many people do not claim their full entitlements; the other is that "people leave *things out, usually* innocently. For example, they forget about a building society account. *The Revenue picks it up and asks* them to review their return."

If their memory is not jogged, the *Revenue can take a harder line,* assuming that you have other sources of income similarly left *undeclared. The following points* should be borne in mind:

■ Review the form upon completion to check that everything necessary has been declared. Taxpayers are obliged to give the Revenue as much information as necessary for it to judge how much tax they should be charged.

Ainsworth says that sometimes employees fail to list the benefits given to them by their company. They insert instead "as returned by the company" (in the P11D), but this answer risks incurring a penalty because you must list the benefits you are receiving in your own form. Ask your company for a copy of the P11D which it will be returning to the Revenue.

■ Only list details of income for the tax year from April 6 1991 to April 5 1992.

■ Claim all the reliefs and allowances to which you are entitled. *Do* not rely on the Revenue to have the information.

■ *Check your tax assessment for the* previous year and if you want to challenge it, write stating your reason and the *amount of tax in dispute* within 30 days of the date stated.

■ Employment income. List all your *sources of income,* regardless of whether tax has already been paid on it or if it seems too small to be taxable. Keep a file containing dividend counterfoils, monthly payslips and the P60 form your employer sends you listing your total income for the tax year and the amount of tax paid. Benefits in kind must be listed separately from total income.

■ Investment income. If you do not receive bank statements or do not have the time to add up interest earned during the tax year, your bank or building society will do this for you and may send you a certificate stating the amount of interest earned during the year. Most current accounts are interest-bearing and this will also have to be declared.

■ Ainsworth points out that for 1991/92 onwards you can reclaim the tax deducted on bank and building society interest if you are entitled to gross interest *or if the tax* was overpaid. Previously, this interest was subject to composite rate tax which *was non-refundable.*

■ If you are a non-taxpayer and have not already registered as such, *ask your bank or building society for* form R85 which will allow interest to be paid at gross rates.

■ Tessas do not have to be declared unless they have been closed, in which case the interest is taxable and should be recorded.

■ List the dividends from shares or unit trusts received during the tax year – if you have kept the vouchers, this will be simple. It can sometimes be difficult to understand whether the figures quoted on some unit trust vouchers are gross or net of tax. Wyman suggests calling the broker or going back to the registrar of the unit trusts to check.

■ Pensions. Pension income is taxable and should be declared. Details will be on the P60. Certain state benefits, such as unemployment benefit and the old age pension, are also subject to tax and must be declared.

If you have a personal pension plan you will be entitled to tax relief, at your highest rate, on contributions. Ask the company for the personal pension contribution certificate and send this to the Revenue, or enclose the contribution receipt *issued to you* by the company.

Similarly, higher rate taxpayers making free-standing additional vol*untary contributions to their com*pany pension can get tax relief on these by filling in the details on the *form and enclosing either the contri*bution receipt or the voluntary contributions certificate.

■ Property income. This can be complicated. If you are letting a house and have expenses relating to its upkeep, you and the Revenue might disagree about what is an expense and what is an improvement. For example, you might repair the window frames and put in double glazing at the same time – the Revenue might challenge you on the double glazing.

■ Expenses in employment. These are defined by the Revenue as "expenses you had to pay which arose wholly, exclusively and necessarily in carrying out your work." In practice, "it is hard to think of expenses for your work that are not paid by your employer," says Wyman.

However, if there is a work-related expense which you think you are forced to incur and for which your employer will not reimburse you, you might as well claim it and see what the Revenue says.

■ Loans. Basic rate tax relief is obtainable on mortgage interest on loans, subject to a ceiling of £30,000. The Revenue will obtain details of the loan from building societies but if the mortgage is from a bank, you should ask it to give you the details (Form MIRAS 5) and send this to the tax office.

Ainsworth reminds those who have made a loan, for example, to a business, that they may be entitled to higher rate relief on it. To claim the relief, obtain a certificate from the company you made the loan to *and send it to the Revenue, stating* what the loan was for.

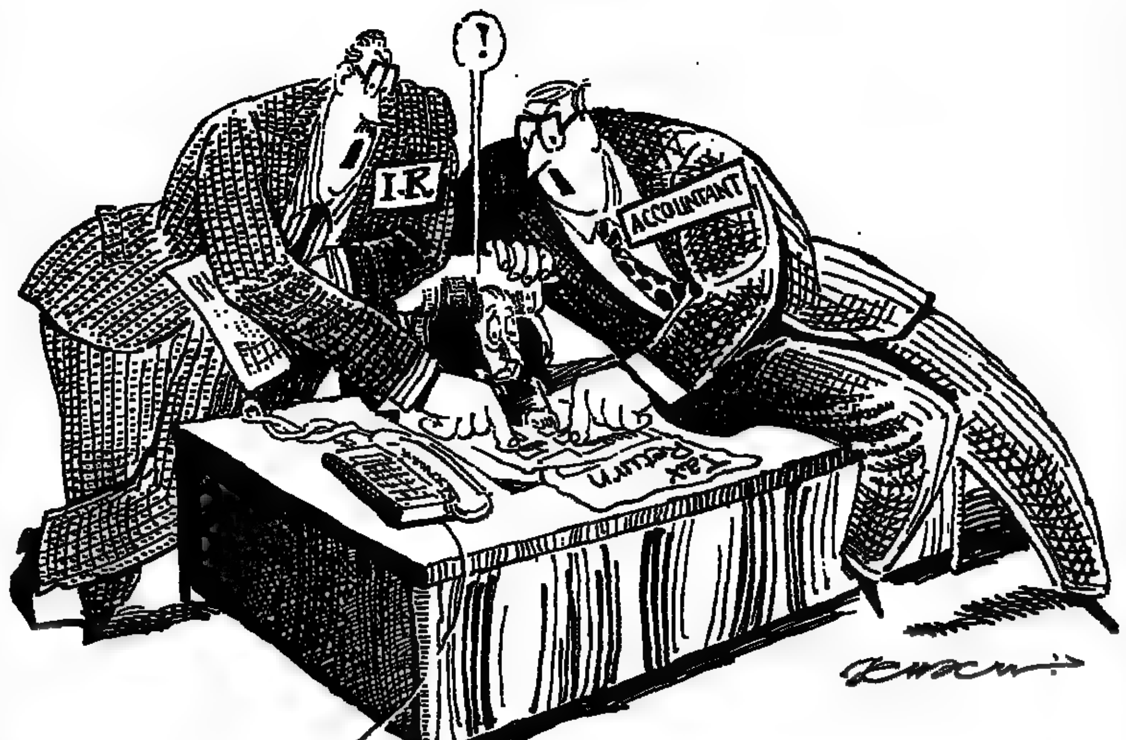
■ Capital Gains. You have to list details of disposals of assets liable to CGT, such as property (other than your main home) and shares. Wyman says many people forget that they can list expenses related to the sale, such as stamp duty and commission.

However, if your total chargeable gains for the last tax year do not exceed the CGT ceiling of £5,500 (and the total proceeds are not more than £11,000), you can simply write, "Gains not exceeding £5,500 and disposals not exceeding £11,000". If you have sold a second home you are entitled to deduct improvement expenses from your gains, as long as you have not already had income tax relief on these. You are also entitled *to indexation – you can get the* Revenue to work out your indexation allowance simply by *writing "indexation?" as a claim.*

■ Married couples. Make sure you make full use of both personal allowances. Minimise paying higher rate tax by using both lower-rate tax bands.

Norman Lamont's Budget measure regarding the transferability of the married couple's allowance will not come into force until 1993. However, if a married man's income is less than the married couple's allowance, the unused part can be transferred to his wife.

Finally, remember to photocopy the return before sending it off.



TAYPAYERS CAN expect simpler and more colourful forms from next year to ease the burden of calculating how much they owe the Revenue.

The language will be simpler and clearer, the instructions more helpful, and the lay-out designed to help people fill in the blanks with figures as painlessly as possible.

The basic personal tax return forms – P11, 11 (for the self-employed) and P1 (the simplified return) – are likely to be ready by the next tax year, in April 1993. Four others, including one for mortgage relief, are already coming into use.

The Revenue launched a programme in spring last year with help from Wolff Olins, the design consultancy firm, to review more than 700 different forms it produces, including tax forms, instructions and advice slips.

***Bernie Hepplewhite,* head of customer services in the Revenue's corporate communications office, says the main reason for the change is to help taxpayers by making the completion of their returns "as undaunting as possible". In addition, it will help save costs and make life easier for Revenue staff.**

"There used to be a belief in the old bureaucratic tradition of the Civil Service that if people filled out the forms incorrectly, they were daft," he says. "Now we realise it's more likely that it's the forms that are daft."

He stresses that the Revenue has re-designed its documents on a less ambitious scale several times and has won Plain English awards for leaflets and forms.

***The new forms use more* colour (orange and blue on white in the latest prototypes) *to make them look brighter* and more up-to-date. They are laid out in vertical columns, *to provide a logical flow of* information.**

The language has been simplified, the volume of notes on the form increased, and the questions follow a consistent sequence across the different forms.

Andrew Jack

FINANCE AND THE FAMILY

Make the most of National Savings

***Philip Coggan** suggests ways of getting an income from the government's tax-free products*

MANY private investors must have considered the tax advantages and attractive returns offered by National Savings certificates.

The snag is that those National Savings products which offer a fixed return pay no income for five years; and *those which pay a regular* income do not offer a fixed return.

A number of readers have written to ask whether it is *possible to obtain a decent* income by cashing in the fixed certificates on a regular basis over the five-year period.

The problem with such a *strategy is that the return on* certificates is carefully slanted towards those who retain their investment for the full five years. Early encashment *means a lower return overall.*

For example, on the current 36th issue, the rate of returns are as follows: during the first year (nil); after one year (5.5 per cent); after two years (6 per cent); after three years (6.75 per cent); after four years (7.5 per cent); after five years (8.5 per cent).

The best strategy of all is to buy certificates on a regular basis so that one can enjoy the *full returns in five years time.* This is obviously an approach that can be followed by those who are nearing retirement.

Others who are have already retired will not be able to wait *that long, however.* Accordingly I have constructed a number of strategies which use the certificates for short term income. (All I used was a calcu*lator; readers can create their* own strategies to suit individual needs.)

Each strategy assumes an initial investment of £10,000. *Strategy One aims to create a* level income over the five years while ensuring that the full £10,000 is left for reinvestment in 1997.

The fact that certificates are sold in £25 units makes it difficult to ensure that the income is completely level. But as the table shows, by encashing successively £775, £725, £675 and £625 worth of initial units in the first four years, the investor will receive an income of between £814 and £834 a year.

In the final year (1997), the investor is left with £7,200 of *his original* £10,000 of certificates. They mature with a value of £10,826.33, allowing *him to take £826.33 as income* and leave the £10,000 initial capital intact.

The investor would be around £920 down on the return he would have made had he kept the full £10,000 in the certificates for five years.

For comparison, a basic rate taxpayer would have to earn around 10.9 per cent gross from the building society in each year to get the same net annual income. A top rate taxpayer would have to earn around 13.7 per cent gross. The current redemption yields on five year gilts are between 9 and 9.5 per cent, but these are subject to income tax.

Strategy Two aims for a growing income. As the table shows, this system produces a somewhat lower return in the early years (by encashing fewer certificates) but a higher income is earned in 1996 and 1997. By cashing in successively £700, £700, £675 and £650, this system gets an annual increase in income of between 4.4 and 8.1 per cent. Again, the *strategy ensures that £10,000 is* left for reinvestment in 1997.

Overall, this means that the investor is around £880 down on the return that would have been achieved by keeping in the £10,000 for the full five years.

Strategy Three is designed for those who need the maximum income, and are prepared to see a capital loss. It is designed to produce an income of £1,000 a year, by surrendering certificates worth £950, £900, £825 and £750 in successive years.

By 1997, this high encashment rate means that only £6,565 of the original investment *is left. If the investor* takes a £1,000 income that year, then he will be left with only £8,871 to reinvest. In addition, he will have made a *return £1,147 less than if he* had left the £10,000 in for five years.

What about the other national savings investments? The return on the index-linked certificates varies, of course, with the rate of inflation so *one could not be certain of the* returns achieved. It is therefore uncertain for those who want to be sure of their income.

The capital bonds are also a difficult case. They are designed to pay 11.5 per cent per annum if held for five years. But although they pay no income until the five years are up, the investor must pay tax on the notional interest received each year (a fact which is far from clear in the advertisements for the product).

So these bonds are best used for income by non-taxpayers. In the first year, the return is zero; after one year 7 per cent; in the second 8.75 per cent; in the third 11 per cent; in the fourth 13.75 per cent; and in the fifth 17.3 per cent. So £10,000 invested now would grow to £10,700 in 1993; £11,636 in 1994; £12,916 in 1995; £14,692 in 1996; and £17,234 in 1997.

Strategy Four aims for a level income from the capital bonds. Bonds are sold in £100 lumps, so it is difficult to get a precisely steady income, but once again, £10,000 is left for reinvestment. Note an important caveat, three months notice is needed for early encashment.

By *encashing bonds worth* £1,000, £900, £800 and £700 in successive years, this strategy produces a very healthy annual income. But the investor ends up around £1,680 down on the returns he would have achieved by leaving the money in for the full five years.

■ The new £50,000 limit (up from £25,000) for National Savings income bonds took effect from April 30.

Strategy One

Year	Capital retained (£)	Units encashed (£)	Income received (£)
1993	9,225	775	817.63
1994	8,500	725	814.61
1995	7,825	675	821.12
1996	7,200	625	834.67
1997	n/a	7,200	826.33

After taking income in 1997, £10,000 is left for reinvestment. Total return £4,114.36. If initial investment had been retained for five years, then £5,036.58.

Strategy Two

Year	Capital retained (£)	Units encashed (£)	Income received (£)
1993	9,300	700	738.50
1994	8,600	700	786.52
1995	7,925	675	821.12
1996	7,275	650	868.06
1997	n/a	7,275	939.10

After taking income in 1997, £10,000 is left for reinvestment. Total return £4,152.39. If initial investment had been retained for five years, then £5,036.56.

Strategy Three

Year	Capital retained (£)	Units encashed (£)	Income received (£)
1993	9,050	950	1,002.25
1994	8,150	900	1,011.24
1995	7,315	825	1,003.58
1996	6,565	750	1,001.60
1997	n/a	6,565	1,000

After taking 1997 income, £8,871 is left for reinvestment, a capital loss of £1,129. Total return £3,889.65. If initial investment had been retained, then £5,036.58.

Strategy Four: capital bonds

Year	Capital retained (£)	Units encashed (£)	Income received (£)
1993	9,000	1,000	1,070.00
1994	8,100	900	1,047.28
1995	7,300	800	1,033.30
1996	6,600	700	1,028.46
1997	n/a	6,600	1,374.42

After taking 1997 income, £10,000 is left for reinvestment. Total return £5,553.44. If initial investment has been returned, then £7,234.

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Co-operative Bank	Pathfinder	0800 616182	Instant	£1	10.00%	Mly
Birmingham Midshires BS	First Class	0902 710710	Instant	£500	10.25%	Yly
Nottingham BS	Post Direct	0602 481444	Instant	£2,500	11.25%	Yly
				£50,000	11.45%	Yly
Scarborough BS	Premier Fix	0723 368155	1.8.92	£1,000	11.5F%	Yly
Chelsea BS	Premier Acc 2nd	0800 272505	31.1.94	£10,000	12.0%*	Yly
Nationwide BS	Capital Bond	0793 694465	2 Year	£10,000	12.80%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.50%	Yly
Stroud & Swindon BS		0453 757011	5 Year	£100	12.10%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	12.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.00%	Yly
				£25,000	10.50%	Yly
Portman BS	Prestige Cheque	0800 373176	Instant	£50,000	11.00%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich (Guernsey) Ltd	International Acc	0481 715735	Instant	£500	10.00%	Yly
Co-operative	Investment 90	0481 710527	90 Day	£50,000	10.75%	½Yly
Yorkshire BS Guernsey	Key Extra	0481 719698	180 Day	£50,000	11.35%	Yly
Bristol & West Intl Ltd	The Intl Premier	0481 720609	6 Mths #	£25,000	10.90%	Yly
C&G Channel Islands Ltd	Guernsey Bond	0481 715422	1 Year	£10,000	10.65%	OM
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 680 7155	1 Year	£2,000	8.65%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.45%	Yly
Prosperity Life FN		0800 521546	3 Year	£25,000	8.70%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.80%	Yly
Financial Assurance FN		081 367 6000	5 Year	£5,000	8.80%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% + Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

* Rate on Chelsea account fixed till July 1. # = after 6 month qualifying period. This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity, N = Net Rate, S = Yearly.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Welshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

The Week Ahead

Trafalgar dividend fear

TRAFALGAR HOUSE, the engineering, construction and property group, warned last December that its interim *dividend was likely to be cut.* Analysts are expecting a halved figure of 4.4p when it announces results on Wednesday.

Pre-tax profit, which fell sharply in the first half of last year to £51.5m, is thought to have improved to between £53m and £55m.

Davy Corporation, which Trafalgar House acquired last June for an initial £80m, could have contributed the best part of £10m to operating profits in engineering and construction. Progress in that division is again expected to *have offset declines* in property and in shipping and hotels.

The Ocean Emerald oil rig, source of Davy's trials, has been completed and Trafalgar House is hanging on to it until it is paid.

Payment to Davy shareholders of the second instalment of £54m is also dependent on wrangles over the rig being resolved.

British Petroleum is still suffering from lower oil prices. Last week's rise in the oil market will be too late to affect its first-quarter results, which will be reported on Thursday. It is estimated that the group's pre-tax profit will drop to about £70m (excluding stock losses and gains) from a level of £521m in the same period last year.

BP has seen a decline in all of its business sectors and is expected to make another loss in its chemicals division.

Tate & Lyle, the sweeteners group, is reporting results for the six months to end March on Wednesday. Analysts expect a slight slippage from the £94.7m reported last time, though not by much.

Falling prices for high fructose corn syrup in the US will have affected profits from Staley, though there will be a first time contribution from Bundaberg Sugar, the Australian business bought in June.

Thursday sees full-year results from Sears, the shoe shops to mail order retailer, which appointed a new chief executive in February.

After interim profits fell from £62.4m to £4.6m, weighed down by heavy exceptional costs relating to restructuring and disposals, profits for the year to end-January will be well down on the previous year's £146.9m. Analysts are *looking for profits before* exceptional items of around £92m to £93m, but this could come down to about £50m post-exceptionals.

The final dividend is expected to be maintained, as was the interim, even though it will be uncovered.

Co-op takes a stand

FOX-HUNTERS may not be welcome, but tree-huggers will be embraced with open arms at the Co-operative Bank, following the launch of its ethical policy this week.

The bank has stated that it will no longer take deposits *from, offer financial services* to, or in any other way do any business with organisations involved in a series of controversial activities.

These include the oppression of the human spirit; manufacturing torture instruments or *exporting arms to oppressive* regimes; cosmetics-testing on animals; exploitative factory-farming; blood sports; production of animal fur; and the manufacture of tobacco.

It will also encourage customers to take an active stance *on the environmental impact* of their activities, and will try to ensure that its own services are not exploited for the purposes of money laundering, drug trafficking or tax evasion.

The message behind the approach is simple: banks do *not simply store depositors'* money, but loan it to other organisations involved in activities with which the customer may be opposed.

The bank has identified six organisations involved in either blood sports and/or battery *farming among existing* customers, which will be told politely to amend their ways or close their accounts.

Sceptics have been quick to suggest that the Co-op is cashing in on ethics. A number also indignantly suggest that banks *have no rights to preach to* their customers or discriminate against potential recipients of loans.

Terry Thomas, managing *director, says: "We are not pre*tending to play God and tell people what their ethics should be. But we are telling them what *our* ethics are. We are principled bankers."

He makes no pretence of the fact that the campaign is a *marketing drive designed* to generate considerable new business, and estimates that the bank will gain at least ten new customers for every one who wants to leave as a result of the policy.

But he stresses that the bank *is committed to the policy* in the long-term. He also argues that it always had an implicit ethical ethos which is now explicit – a fact which he says is proved by the fact only six organisations contradicting its policy have slipped through *and become customers.*

For existing customers, the ethical stance is unlikely to be come as a surprise. Many joined on principle because of the Co-op's image, reflected in previous initiatives including a "customers' charter" launched *last year which ensures that* no financial information is given to credit agencies without express approval.

The bank believes that its 1.25m personal account holders are more highly-educated and from the upper range of the *socio-economic scale than any* other UK bank. It took great care in identifying the issues on which it is now publicly frowning. Work on the ethical policy began nearly two years ago, and when a draft was prepared late last year it was cir*culated to 30,000 customers for* their opinions.

Only those issues with which at least 60 per cent agreed found their way into the final policy. Four-fifths approved of the idea of a published ethical policy while only 2 per cent *strongly disapproved.*

While it is modest in size and has the strongest concentration of branches in the north of England, the Co-op stresses that it offers the same services as any clearing bank. Among its services are free banking, a telephone inquiry service charged at local rates, a gold credit card guaranteed free for life, and membership of the LINK cash machine network *which has 5,000 outlets around* the UK.

■ *Co-operative bank: 0345-414414*

Andrew Jack

Picking a policy

WHEN ALL companies offered the same insurance policy at roughly the same price, buying household insurance used to be a lot easier. But the market has become more competitive over the last few years and buyers are now faced with an array of policies offering different levels of cover at different prices.

If you live in a certain part of Manchester, for example, brokers will usually give different quotes for your area – and the cover on offer will vary. That makes it difficult to com*pare policies.* "There can be a 300 per cent variation in price for any given postcode," says Peter Friend, of Leslie and Godwin, insurance brokers. "So the need to have more than one quotation is very strong indeed."

*Many people may also be dis*satisfied with the rise in insurance premiums and may be thinking of trying to obtain a more competitive deal from someone other than their usual insurer.

AA Insurance has launched a product service which could help you through the maze. Its computerised insurance service for building and contents, AA Homequote, searches out *the best price for the* same product from among a panel of insurance companies.

There are presently five insurers on the panel – GRE, Commercial Union, Bishopsgate, Minster and Municipal Mutual. General Accident and London & Edinburgh plan to join from June 1 and AA Insurance is hoping to include others.

Many building societies have a panel, usually of three to six insurance companies, to underwrite a policy whose price is already determined. This is not the way the AA Homequote policy works. "The insurers are competing with each other to give the best price depending on individual circumstances," says AA Insurance. "Some companies will have had fewer claims in certain postcodes for certain types of properties, while others will have fared better in other areas. Those with the best claims records in those areas will be able to offer the best prices."

*If you own, say, a two bed*roomed terraced house in Edinburgh, AA Homequote will search out prices ranging from £72 to £81 for buildings cover for properties with a market value of up to £250,000, and £81 to £116 for house contents up *to £30,000* under the *standard* (new for old) cover.

It is already common to have panels to provide motor insurance and Friend believes that, "inevitably, household insurance will have to take the form of panel. But I would say that five or seven companies is not enough – you need about 20 to give a good spread." Noel Privett of AA Insurance says there should be more insurance companies on the panel by the end of the year. "It will increase as appropriate. We don't want to go for numbers, we want quality."

The AA Homequote panel gives quotations for AA Insurance's Homesure policy. The *problem of comparing like with* like is eliminated but customers should first note whether the policy is suitable for their needs. In its last review of *house contents insurance, Which?*, the Consumers Association's monthly, rated the AA Homesure policy somewhere between average and good.

Quotations and cover are given over the phone. If the customer goes to one of AA *Insurance's* 250 shops, they will be issued with an immediate cover note.

■ *AA Homequote. Telephone: 0800-900888, extension 8484.*

■ Cornhill Insurance and Blaupunkt, the car radio manufacturer, are so confident of their *Keycard radio security system* that they are offering to replace – free – stolen Blaupunkt radio models which use this system. The insurance scheme is called "Double Indemnity."

Scheherazade Daneshkhu

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
Prices in in pence unless otherwise indicated					
Cronite	45*	44	28	7.31	AFE SA
Dowty	187	179	148	451.00	TI Group
Lawrence (W.) ‡	68½	69	23	32.34	Raine Inds.
Macarthy ‡	387§§	367	321	108.52	Lloyds Chemists
Midland	399§§	381	372	3.12bn	HSBC
Penny & Giles	370§§	343	235	35.70	Bowthorpe
Polymark Intl	37*	36	34	4.33	Polyfinance
Rs. Pet. A	164½*	163	131	5.08	Polyfinance
Steetley ‡	465	492	274	726.69	Redland
Wilks (J.)	110	154	177	19.35	Petrocon
Worcester	225*	218	186	60.50	Bosh (Robert)

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 1/5/92. §§Shares & cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acorn Computers	Dec	274	(1,580)	0.4	(2.4)	-	(-)
Asda Property	Dec	4,460	(1,400)	5.6	(2.0)	2.0	(1.85)
Bank of Scotland	Feb	140,700	(134,100)	8.4	(7.56)	4.35	(4.06)
Berry Starquest	Jan	157♥	(217♥)	3.0	(4.2)	2.0	(1.3)
Bletchley Motor	Dec	753	(623)	15.5	(12.9)	8.2	(7.85)
Borland Int'l	Mar♣	125,000L	(17,900)	-	(20.0)	-	(-)
Bridgend Group	Dec	900	(1,080)	2.4	(3.5)	1.2	(1.2)
Brixton Estate	Dec	27,400	(23,600)	12.6	(10.8)	8.1	(7.1)
Brown & Jackson	Sep◆	14,900 L	(11,510)	-	(5.73)	0.1	(1.0)
Brown (N)	Feb	15,700	(14,000)	18.1	(15.7)	8.0	(5.65)
Central Ind TV	Dec	24,400	(19,200)	56.1	(44.2)	30.5	(26.5)
CI Group	Jan	3,330	(3,750)	2.65	(2.83)	2.05	(2.05)
Clayton Son & Co	Dec	461 L	(543)	-	(13.6)	3.0	(11.5)
Com-Tek Resources	Sep	747†	(545†)	-	(-)	-	(-)
Dares Estates	Dec	28,500 L	(30,500 L)	-	(-)	-	(0.25)
Downiebrae Holdings	Dec	423	(634)	1.96	(3.19)	0.5	(1.0)
Eadie Hldgs	Dec	1,240	(503 L)	4.32	(-)	-	(-)
Edinburgh Inv Tst	Mar	32,900	(32,300)	6.19	(6.17)	8.05	(7.7)
Explaura Hldgs	Dec	2,110 L	(1,000 L)	-	(-)	-	(-)
Filofax Group	Dec	493	(1,550 L)	2.5	(-)	-	(-)
Folkes Group	Dec	2,500	(4,030)	4.36	(7.49)	2.37	(2.3)
Govett Oriental	Mar	1,640‡	(1,430‡)	0.91	(0.79)	0.9	(0.87)
Holt (Joseph)	Dec	6,370	(5,720)	136.0	(124.0)	35.0	(31.0)
Hopkinsons Group	Jan	5,160	(8,720)	4.57	(8.01)	3.7	(3.7)
How Group	Dec	1,300	(4,210)	1.82	(5.94)	2.5	(3.5)
Ingham	Dec	162 L	(223 L)	-	(-)	3.0	(3.0)
Irish Life §	Dec	40,600	(40,400)	10.23	(10.11)	8.44	(0.2)
Iveco Ford Truck	Dec	36,600 L	(19,900 L)	-	(-)	-	(-)
Jourdan (Thomas)	Dec	519 L	(1,210)	-	(5.92)	1.5	(2.5)
Jupiter Tyndall	Dec	1,170	(-)	4.4	(-)	5.0	(-)
Lamont Holdings	Dec	8,110	(10,010)	23.21	(26.11)	12.0	(12.0)
Le Creuset	Dec●	3,320	(3,160)	13.7	(13.1)	0.42	(0.39)
Littlewoods	Dec	87,000	(94,800)	-	(-)	-	(-)
McLaughlin & Harvey	Dec	5,400 L	(727 L)	-	(-)	-	(-)
Molynx Hldgs	Dec	1,600	(1,690)	10.7	(11.8)	4.0	(3.75)
Moss Bros	Jan	1,320	(2,390)	5.19	(9.45)	5.0	(5.0)
Peugeot Talbot	Dec	60,000	(109,000)	-	(-)	-	(-)
Plasticool	Jan	780 L	(310)	-	(2.4)	1.5	(3.0)
Ramco Oil Services	Dec	526	(1,130)	2.39	(3.96)	2.0	(2.0)
Reed Executive ♣	Dec	5,020 L	(796)	-	(-)	-	(0.8)
Scottish Mortgage	Mar	-	(-)	4.25	(4.42)	3.9	(3.7)
Sennah Rubber	Dec	825	(767)	1.2	(1.09)	0.5	(0.5)
Serif Cowells	Dec	2,210 L	(1,340)	-	(3.5)	-	(2.0)
Shiloh	Mar	503	(639)	5.82	(7.96)	2.75	(2.62)
[illegible] HC	Dec	82	(495)	4.4	(33.0)	7.5	(7.5)
Smith (J) Estates	Mar	1,190	(1,160)	5.1	(5.0)	3.75	(3.3)
S&U Stores	Jan	4,310	(3,430)	27.9	(21.5)	9.0	(8.0)
Toye & Company	Dec	306	(721)	9.05	(20.02)	8.0	(8.0)
Travis Perkins	Dec	14,000	(20,400)	10.8	(13.8)	8.0	(8.0)
TSW-TV South West	Dec©	1,950	(4,700)	5.0	(12.8)	7.0	(5.0)
Usborne	Dec	4,120 L	(1,630)	-	(1.88)	0.4	(1.5)
Vauxhall	Dec	133,000	(239,100)	-	(-)	-	(-)
Walker (JO)	Dec	407 L	(36 L)	-	(-)	-	(2.0)
Waterford Foods §	Dec	15,580	(11,300)	0.77	(6.26)	2.62	(2.5)
Wensum Company	Jan	607	(746)	5.68	(6.68)	3.5	(3.5)
Youghal Carpets §	Dec	3,700 L	(2,640 L)	-	(-)	-	(-)
Yule Catto	Dec	21,800	(20,500)	16.1	(14.2)	5.4	(4.7)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Assoc. British Foods	Mar	175,200	(165,100)	5.6	(5.5)
Bibby (J) & Sons	Mar	17,000	(16,970)	2.85	(2.85)
Blenheim Group	Feb	27,800	(18,400)	2.7	(2.33)
Cronite Group	Mar	311	(2,210 L)	-	(-)
Five Oaks Investment	Dec	371 L	(7,880 L)	-	(-)
Haemocell	Feb	783 L	(606 L)	-	(-)
ICI	Mar#	212,000	(198,000)	-	(-)
Kwik Save	Mar	51,200	(48,100)	4.7	(4.3)
Lowland Investment	Mar	1,320	(1,250)	3.0	(2.75)
Lyles (S)	Dec	468	(316)	1.65	(1.5)
Majedie Inv	Mar	1,150♥	(1,190♥)	2.5	(2.5)
McCarthy & Stone	Feb	6,900 L	(6,400 L)	0.5	(0.5)
McKechnie	Jan	10,600	(10,500)	5.0	(5.0)
National Express	Dec	3,580	(-)	-	(-)
Newspaper Publishing	Mar	465	(6,460 L)	-	(-)
Rosehaugh	Dec	31,930 L	(49,660L)	-	(-)
Scottish Cities	Mar	42♥	(365♥)	0.9	(0.9)
Sotheby's	Mar#●	5,200 L	(6,540 L)	-	(-)
Tamaris	Sep	475 L	(460 L)	-	(-)
Wharfedale	Dec	1,340 L	(103)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. § = Figures quoted in Irish punts & pence. ◆ = This years figures for nine months. ♥ = Net revenue. † = Total revenue quoted in US dollars. ‡ = Attributable profit. © = This years figures for 17 months. ♣ = Figures quoted in US dollars & cents. # First quarter figures. ● = Dividend quoted in French francs.

RIGHTS ISSUES

Ingham is to raise £2.8m via a 1-for-1 rights issue at 95p.
Lamont Hldgs is to raise £16m via a one-for-four rights issue at 280p.
Resort Hotels is to raise £20.8m via a 1-for-2 rights issue at 63p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Brazilian Investment Trust is to join the main market via a placing of 75m shares at $5.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Abtrust New Thai Inv Tst	Thursday	-	1.45	-
Beattie (James)	Wednesday	1.40	4.10	1.40
Belacom	Tuesday	-	-	-
[illegible]	Thursday	2.0	2.7	2.0
British Fittings	Tuesday	1.37	5.97	1.37
Cresta Hldgs	Wednesday	-	-	-
Delyn Group	Thursday	0.45	1.0	0.45
First Ireland Inv Co	Thursday	-	2.2	-
Forward Group	Wednesday	1.00	1.20	1.00
German Smaller Co	Tuesday	-	1.00	-
Highcroft Inv Tst	Thursday	1.5	2.4	1.65
Hi-Tech Sports	Thursday	1.5	5.5	1.65
LIT Hldgs	Wednesday	-	-	-
Radiotrust	Friday	-	-	-
Sears	Thursday	1.52	3.83	1.52
Silentnight Holdings	Wednesday	2.25	4.75	2.25
Time Products	Wednesday	2.65	4.6	2.65
Worth Inv Tst	Friday	-	0.21	-
INTERIM DIVIDENDS				
BAT Industries	Wednesday†	10.8	11.20	-
[illegible]	Thursday	4.0	7.0	-
BP	Thursday†	4.2	4.2	-
Dickie (James)	Thursday	-	-	-
Euromoney Publications	Thursday	6.5	16.0	-
Glasgow Inc Tst	Thursday	0.6	1.4	0.6
Leveraged Opportunity Tst	Thursday	-	-	-
Morgan Grenfell Equity Inc	Wednesday	-	-	-
Morland & Co	Wednesday	2.17	4.90	-
New Frontiers Dev Tst	Wednesday	-	0.25	-
Overseas Inv Tst	Wednesday	0.75	1.75	-
PWS Hldgs	Thursday	1.5	2.5	-
Royal Bank of Scotland	Wednesday	2.8	6.0	-
Sanderson Electronics	Tuesday	5.4	3.3	5.4
Smith & Nephew	Tuesday†	1.76	2.89	-
Stanhope Properties	Wednesday	-	-	-
Tate & Lyle	Wednesday	3.70	7.50	-
Titon Hldgs	Thursday	1.03	2.22	-
Trafalgar House	Wednesday	8.8	9.6	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † = First quarter figures.

FINANCE AND THE FAMILY

How to . . . buy travel insurance

Don't slip up on the trip of a lifetime

TRAVEL insurance is almost too easy to get hold of. It comes with package holidays, with credit cards, and you can even buy it from a broker.

So the danger of leaving these shores uninsured is not great. The problem is to make sure that you buy the right policy, which covers against a realistic selection of risks.

That is much trickier.

Any number of things can go wrong on holiday, and you could reasonably hope to insure against virtually any of them. Insurers might similarly exclude a large swathe of risks in the small print. Burrowing through the small print is irksome, as there is a lot of it, but important.

You are also in for an insurance headache if you plan anything hazardous. Cover for an overland trip to Kathmandu will cost rather more than for a trip to Majorca.

What do less adventurous souls need? The Consumers' Association suggests that the following should be a minimum:

- Medical expenses cover up to £250,000 in Europe, and £1m in the US and the rest of the world;
- Cancellation cover for the cost of the holiday, including the cost of deposit and charges paid in advance;
- Baggage insurance of at least £1,500;
- Cover for individual expensive items such as cameras, if the main baggage insurance imposes a maximum for single items;
- Delays insurance of £75 – useful if your baggage takes longer to arrive than you do;
- Money and documents insurance of £400; and,
- Personal liability insurance of £2m for the US, and £1m for the rest of the world. This is unlikely to be needed and so it is cheap, but it could be vital.

Many packages do not reach this exacting standard. However, some may not need to, as contents and private medical insurance policies often extend their cover to when you are abroad. So you must read that small print as well.

What cover is available from the different outlets?

Credit Cards

The travel insurance you will receive with a credit card is useful, and unless you have a particular aversion to credit, it is sensible to book air trips, or hire cars, by credit card.

Travel accident insurance will be automatically included with the booking. However, you will only be covered for injuries or accidents caused while in transit in transport you have paid for with the card. The injuries will need to be severe – for example Barclaycard covers only against death, a range of specified serious injuries and total permanent disability – and a credit card is not substitute for a full travel insurance package.

The industry standard is £50,000 cover with a card. According to the Credit Card Research Group, 11 issuers provide £50,000 cover, while two offer more and two less. The range is from £30,000 to £70,000.

Gold cards require more homework – the total covered ranges from £60,000 to £250,000. Some also offer broader travel insurance and more ambitious "assistance" services in case you run into problems while abroad. Again it is best to check the small print, and to assume you will need to buy more insurance.

Package Holidays

Proceed with caution. The concept of package holidays revolves around the "quiet life", and cutting your need to shop around for different element of the package.

But many of the apparently discounted holiday packages borrow a trick from "discounted" mortgage packages for first-time buyers which make up for reductions in mortgage payments by overcharging for buildings and contents insurance. When buying holiday insurance you may well find that what you gain on the holiday price, you lose in over-priced insurance.

Holiday Which? produced a scathing report on package deals last month, finding that only four out of 32 operators surveyed offered the minimum cover required. However, most tour operators are keen, for their own convenience, to ensure that their customers have a measure of insurance.

The greatest ire was reserved for travel agents. *Which?* found one trade promotion urging travel agents to "cash in on the lucrative [insurance] market". Accept an agent's offer with caution.

Independent Deals

Using a broker has much the same rationale as using an independent financial adviser for an investment product. You might pay more, but you should be certain of buying a policy which suits your requirements (provided you have worked them out in advance), and charges should be relatively transparent.

There is a range of holiday specialist insurers, accounting for most of the Consumers' Association's best buys. These were compiled on the assumption that travellers were buying the cover listed above, for a two-week trip in Europe, and a three-week trip elsewhere in the world.

The best buy for Europe was Whiteley (0422-348411) with a £13.90 premium, followed by Briggs & Hill (0535-606121) at £15.90, and Royal Bank of Scotland at £16.50.

For the US, the best value came from Thomas Cook (Independent) (0733-503222) at £44.05, followed by Accident & General at £44.50 and AT Mays at £44.90. Worldwide, the leader is Whiteley at £34.10. Next come Briggs & Hill at £38.90, and Link Insurance At Lloyd's (0622-692002) with a premium of £40.

Unusual Risks

This takes you into a different world. The chances are that someone, somewhere, will be able to insure any risk you are prepared to take, but you will have to look around, and you will have to spend money.

The 1992 Insurance Buyer's Guide provides information on covering against a range of disasters. It lists three companies prepared to offer cover for "activity holidays". Campbell Irvine (071-937-6981) offers cover over periods from one week to 12 months. It says premiums will be quoted instantly for individual risks "such as scuba-diving, parachuting, hot air ballooning, ocean sailing etc." Policies are underwritten at Lloyd's, and other intermediaries will receive 20 per cent commission.

Crispin Speers & Partners (071-480-5083) says: "No matter where the clients are going or what they are doing, the company can cover them". Minimum premium is £150. Policies are underwritten at Lloyd's, with a 10 per cent commission for other intermediaries.

Hayman Jackson Travel Insurance Services (0730-60222) covers "anything from amateur sports to hang gliding, mountaineering and expeditions". Commission to intermediaries is 20 per cent.

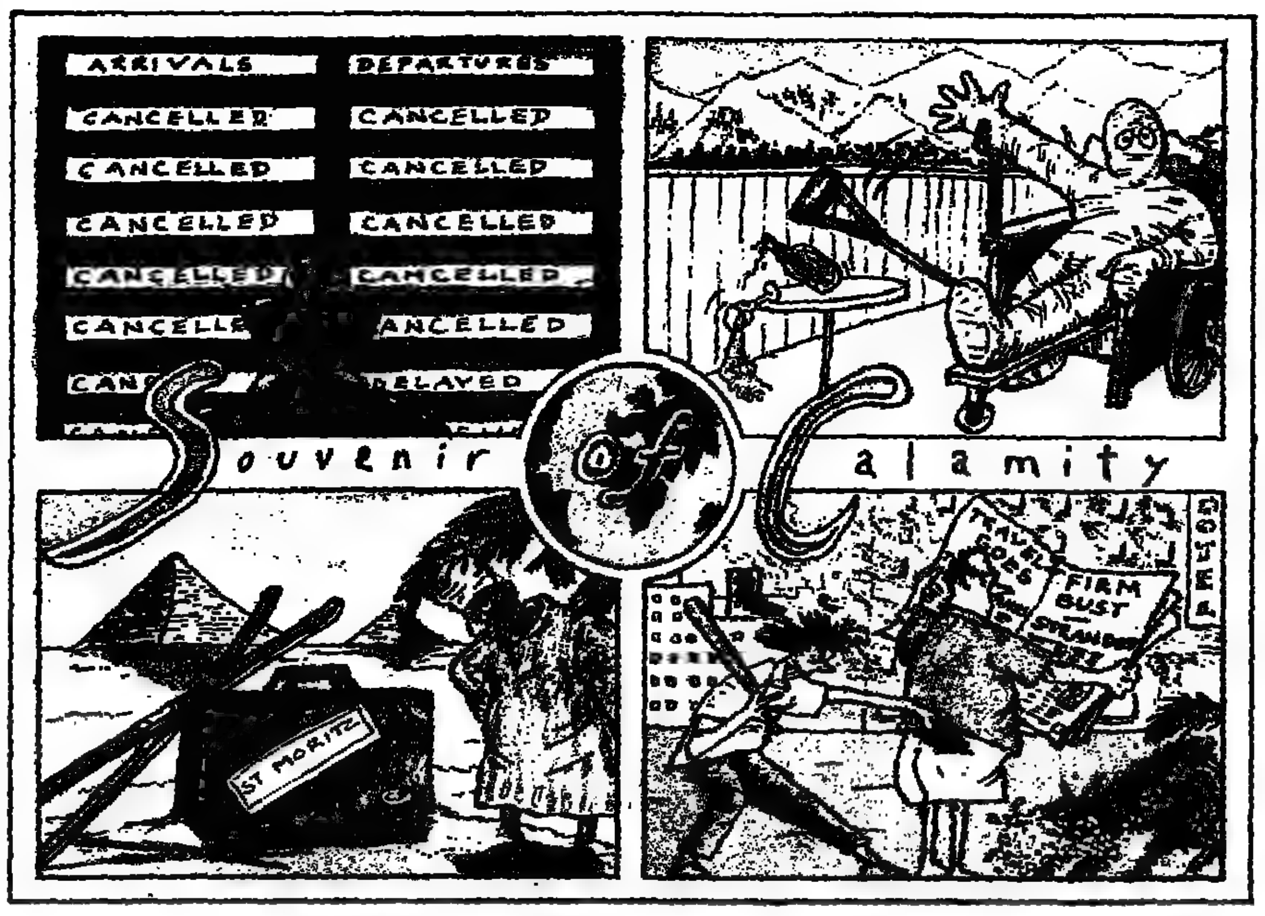
Special insurance deals are available for adventure holidays, and for group holidays – for example, Galaxy 7 Policies provides touring and travel policies for brass bands, marching bands and "entertainers".

Be sure that you know what the consequences would be if something went wrong. For example, those trekking in Nepal should be insured against the risk of needing to call in helicopter rescue.

War risks bulk larger than they did, as unrest emerges from eastern Europe to southern California. Several specialist insurers will cover you for war risks, but last month TSB became the first mainstream company to do so.

TSB has abolished any exclusion from cover due to "war risks". This means that if you were unlucky enough to be in Bosnia-Herzegovina when hostilities broke out, you would be covered. However, this does not subvert the usual stipulation that insured people are not reckless. TSB would not be happy to pay out if you were injured having taken a helicopter tour over Kabul.

John Authers



Directors' Transactions

LAST YEAR, when an early resolution to the Gulf war led to a strong rally in the stock market, many directors took the opportunity to sell. Much the same is happening now, only this time the rally was caused by a Tory victory in the general election.

Directors of Sage Group, the accounting software company, have not had to endure the problems of most company directors during the last 12 months. Earnings have doubled over the past two years, as has the dividend. Five directors sold a total of 480,000 shares at 475p, but two of those directors exercised options over the same amount of shares as had been sold, thereby replacing their holdings.

Another huge sale by Trevor Hemmings of Scottish & Newcastle dwarfed the other deals in our other column. Over the last two months, he has realised a total of £24.9m from his holding, but still retains an interest in just under 16m shares.

Alan Cox, chief executive of ASW Holdings, the steel and wire group, bought 50,000 shares on April 8 at 117p. He bought a further 25,000 shares at 126.5p on April 14 and the shares now stand at 136p.

Four directors of Scantronic, the security equipment company, bought a total of 435,000 shares at the discounted price of 40p when Automated Security's stake in the company was placed. At the same time, Thomas Buffet stepped down as chairman.

Angus MacDonald, Directus

Key to sectors: BdMa = Building Materials; Brew = Brewers & Distillers; C&C = Contracting & Construction; Elec = Electricals; Elns = Electronics; EngA = Engineering Aerospace; FdMa = Food Manufacturing; FdRe = Food Retailing; H&L = Hotels & Leisure; InsL = Insurance (Life); Med = Media; Metl = Metals & Metal Forming; Motr = Motors; Othl = Other Industrial Materials; Stor = Stores; Text = Textiles; Tran = Transport.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Abbott Mead Vickers	Med	22,600	88	1
Airbreak Leisure	H&L	1,000,000	600	2
Ass British Ports	Tran	40,000	123	1*
Dixons	Stor	300,000	798	1*
Farnell Electronics	Elns	134,500	407	2*
Gold Greenlees Tr	Med	54,000	109	1
Headline Book Publ	Med	66,800	118	2*
Park Food Group	FdRe	33,000	37	1
Perkins Foods	FdMa	1,140,000	1,539	1
Pifco Holdings	Elec	10,000	35	1
Psion	Elns	30,000	48	1
Renishaw	Othl	800,000	2,144	2
RMC Group	BdMa	14,000	92	1
Sage Group	Elns	480,000	2,280	5*
Scot & Newcastle	Brew	1,850,000	8,685	1
Smiths Industries	EngA	55,711	171	1*
Vistec	Elns	450,000	73	1
Wilson (Connolly)	C&C	472,222	807	1
Wyevale Garden Ctrs	Stor	500,000	855	1
PURCHASES				
Addison Consultancy	Med	287,000	35	1
ASW	Metl	25,000	32	1
Britannic Assurance	InsL	1,500	13	1
Dawson International	Text	8,894	18	1
Quicks Group	Motr	82,781	72	3
Scantronic	Elns	435,000	174	4
Sharpe & Fisher	BdMa	25,000	23	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 21-24 April 1992.

Source: Directus Ltd, Edinburgh

Rush to launch equity funds

THE FUND management industry is testing the waters in the wake of the Conservatives' re-election. Managers hope that, with five years of Tory government ahead, investors will feel confident enough to invest in equities.

Not all the funds are UK based. The flavour of the month is China. A Dublin-based China Opportunities fund was launched recently by Hafnia Prolific and now Jupiter Tyndall has produced a Luxembourg-based China portfolio. The fund will be the eighth in the umbrella range called the Tyndall Global Fund (others are high yield, British Lion, Wall Street, Japan, International, European and Tiger.) The minimum investment is £2,500 (or $5,000); initial charge is 5 per cent; annual fee 1 per cent.

Since there are few opportunities for direct investment in China, those who want to gain exposure to the country normally do so via Hong Kong companies which have subsidiaries in the People's Republic. That means exposure to the Hong Kong stock market – currently at an all-time high. But Tyndall fund manager Eric Sandlund says that price-earnings ratios in Hong Kong are still low compared with the rest of the world.

Legal & General has produced a range of unit trust Personal Equity Plans to take advantage of the new £6,000 limit. There are four investment choices: recovery, growth, income and worldwide. The initial charge is 5.5 per cent, and Legal & General says that this is free of VAT, unlike some other companies' charges. The annual management fee is 1.5 per cent.

Meanwhile Skandia Life, which linked up with the Foreign & Colonial Investment Trust last year, has established a managed investment trust fund with Robert Fleming. The fund will invest in five Fleming-managed trusts – American, Claverhouse, Far Eastern, Japanese and Universal. The fund can be linked to Skandia Life products.

Providence Capitol is offering the Balanced Growth fund, a combination of two of its funds – Special Market and UK fixed interest. The fund is available on both life and pension policies.

- The Unit Trust Industry Review & Directory, a guide to the management groups and trusts in the market, was published this week by Professional and Business Information. At £245, it will appeal to the financial adviser rather than the private investor.

Philip Coggan

The bottom line on life

MORE MYSTERIES of the life industry were revealed this week with the publication of a survey of With Profits guides by the magazine *Money Marketing*, in conjunction with the actuaries Clay & Partners.

This is not recommended bedside reading for any bar the most chronic insomniacs. But the fine detail it provides about the future of life assurance-based investments is invaluable.

An issue often overlooked when choosing an office is its ownership, which theoretically is all-important. Mutual companies are owned by their with-profits policyholders and operate solely for their benefit. When bonuses are paid, all the money which can prudently be distributed will go to the policyholders as nobody else has a claim.

Proprietary companies have a dual loyalty. While they need to provide as healthy a pay-out as possible to policyholders, they also have to produce a dividend for shareholders. This may sound sinister, but the shareholders' allocation is usually quite small.

The *Money Marketing* survey provides figures on the share of profits going to policyholders for 16 proprietary offices. Most stipulate that at least 90 per cent of profits is ear-marked for policyholders. Exceptions include Pearl, which has a minimum of 80 per cent on its ordinary branch surplus, and Legal & General, which keeps a strict 90 per cent of its with-profits surplus for policy pay-outs, with other surpluses at directors' discretion.

In 1990, most offices chose to distribute exactly 90 per cent of their available surplus. Scottish Mutual and Swiss Pioneer, both once mutuals, gave 100 per cent of their distributable profits to policyholders.

However, some offices vary – for example, Eagle Star paid out 80.2 per cent and Legal & General 87.5 per cent, while the figure for Sun Alliance was 91.0 per cent and for LAS 98 per cent.

This might make you rush to invest with a mutual, but further analysis gives strong reasons to invest with a proprietary office. As Clay & Partners points out: "The security of policies may be higher because it is backed by extra reserves and bonus rates may be more stable."

A glance at the *Money Marketing* tables, published last week, shows a pronounced strengthening by quoted companies. If terminal bonuses are included, then over a 25-year term for endowments, Commercial Union is second, General Accident third, Equity & Law eighth, and Eagle Star ninth. If terminal bonuses are excluded five of the top seven offices are proprietary, even though on average a tenth of their profits must go in dividends.

The appeal of endowments is limited, owing to their inflexibility, but cautious savers looking for security might be prepared to go with a proprietary office and share some of their funds with shareholders. Their stolid merits seem rather greater after a bad year for the markets.

John Authers

A hive of industry in a decaying urban landscape

Nick Garnett visits a mill where small companies have replaced the weavers

THE late-morning, mid-week train chugs out of Leeds on its slow journey across the Pennines to Manchester. Linking a city of 500,000 with a conurbation of over 2m, the two-car rattler has no First Class. Maybe there is no need. Not one businessman seems to be riding it. Populated by locals on low incomes, Romanian running shoes, Korean windcheaters, children clutching cola and crisps, the train descends into the valley bowl which Bradford inhabits.

The valley side is a landscape of urban blight, the occasional neat and healthy looking structure poking up from a mess of derelict mills, rotting house terraces and wide expanses of wasteland. A sign of a local economy too weak to support the city? Certainly. A slice of what is a national scandal of inner city decay? Probably. If it was in eastern Germany it would be number one on the reconstruction list.

The rail bus reverses out of the bowl, bores its way through a long hill tunnel and trundles down into another hollow in which Halifax spreads out along the river Calder. Like Bradford, the town has endured the blows of industrial decline. But it has generated a response unique in Yorkshire. In a complex of once defunct industrial buildings, business life has been seeping back.

The former Crossley carpet mill, with its italianate towers, was built in 1857 and was Europe's biggest carpet factory, several high blocks spread over 35 acres and encompassing 1.25m square feet of covered space. Dean Clough, as it is known, was finally closed in 1982. Now it houses 200 organisations including many small businesses. "During the recession we've had no failures but there's a bit of luck in that," says Ernest Hall, owner of the complex. Prince Charles has visited Dean Clough and thinks it is wonderful.

So how have these little companies been doing and what is exercising their owners' minds? "I've been a Conservative voter all my life but I would have voted for someone else in the general election if there had been anyone else worth voting for," says Ian Jickells. "They have done absolutely nothing for small businesses. It really annoys me."

Jickells' company, J.I. Electronics, designs and makes control equipment, used mainly in monitoring coal-fired boilers. Jickells is 38 and has no higher education training in electronics or engineering – a lack of formal qualifications seemingly prevalent among Dean Clough's businesses. Nevertheless, J.I. Electronics, started seven years ago, now employs seven. It turned over £160,000 in the year to April 1991 on which it made a pre-tax return of £40,000. Sales, though, slid by a third in the past year.

The condition of British schools really upsets Jickells. "We see the state of them. There is one in central Scotland where one boiler has literally burnt out and the other is just hanging on. Heaven knows what would happen if that went." School buildings have been allowed to rot too far, he says.

However, Jickells detects an upswing. "It was like somebody switching on a light. It picked up about four or five months ago." One reason he says is that local authorities are slipping back into the market for new equipment.

Jickells is unimpressed with aid agencies. "We've given up looking for outside help. You lose more in time and money looking for it than you would gain. There are too many agencies and too many people offering false promises."

For many small businesses, mark-ups on luxury goods and services can run from a 100 per cent to 300 per cent, partly because a lot of small scale garden designers, picture framers and frock sellers now seek a country cottage and Audi lifestyle. So the customer must pay. But some businesses operate in areas where the movement of prices is rapidly downwards, so they need to run faster just to stand still. Soft Options Computer Systems, set up in 1985, sells computer "solutions" and hardware to a wide range of customers.

"Three years ago it would have been normal to pay perhaps £2,000 for a personal computer. Now such a machine is £900," says Tony Capano, general manager. "So if you are working on a 20 per cent margin, profits are much less. You have to fight for every shilling. I keep saying things cannot get cheaper – and then someone will knock £200 off the price of a box (computer kit). It looks as if it will get tighter and tighter until something gives."

Soft Options, with a yearly turnover of £900,000, is trying to meet this challenge by putting together its own computer kits from components brought from UK wholesalers of Taiwanese and US products, and by diversifying. Sales of systems for electronic point of sales have held up well. The company has low borrowings and an overdraft facility of just £25,000. "If we can't afford it we don't buy it. We're in credit more than debit."

The art of business: Martin Pinder of Design It, based at Dean Clough

Dramatic shifts in fortunes have swept over Tee Jay Workwear, which manufactures boiler suits, warehouse coats and other gear for the workplace. The company was set up in the late 1970s and moved to Dean Clough six years ago. Turnover fell from £400,000 in 1988 to £200,000 last year. The workforce slid from 35 to 11. "We were scraping the bottom of the barrel," says Jackie Dodd, co-owner of the company with her husband, Trevor.

Since then trade has picked up remarkably, Trevor says, with turnover expected to be close to £400,000 again this year. Employment is back to between 20 and 25 machinists – the Dodds are not sure of the exact number. What has caused the comeback? "I wish I knew. I don't," Trevor says. However, companies such as Sketchley Overalls are buying more than they were a year ago.

Since leaving his job as a materials cutter for a large workwear maker, in the mid-1970s, Trevor Dodd has never attended a business course. "I haven't had the time." Profits were £20,000 three years ago, but the company turned in losses for the past two years.

Tee Jay workers are paid an hourly rate of £2.65. Trevor says the average (with bonuses) is £3.50. The thing that worries him most is the even lower wages paid in other countries. "All I seem to see in the market in Halifax is clothing made in Yugoslavia or Poland."

Modern mill owner: Ernest Hall, owner of Dean Clough Mill in which 200 organisations do business

Gordon Pinder, a former salesman for Unilever, set up a general artwork company in the mid-1980s: Design It now rolls up a yearly turnover of £170,000. On this it makes a return of about 30 per cent, including salaries for the company's two other employees, wife Betty and son Martin. The company runs a small Mercedes and a BMW.

None of the family took formal training in design work, but customers include Carlsberg and Thomson Holidays. A lot of business comes from the entertainment industry, such as the Birmingham Hippodrome and Bradford's theatres. "Work has come in just as normal through the recession," Pinder says. "One reason is, I think, that if business is bad some types of companies advertise more."

Cashflow is a headache. "People are delaying payments. It has got a lot worse in the past six months." A culture of slow payments is taking root. "We pay now in 60 days instead of 30. If you can't beat them, join them." Pinder would like to see legislation on payments. "If a company did not pay within 30 days you could add an automatic percentage on to the bill and that would be legally enforceable."

Design It does not plan to hire many, if any, staff. "I wouldn't wish to employ people because I am not a good manager," Martin Pinder says.

Diane and Richard Benton, who run their own cleaning company for offices and factories, Benton Cleaners, faced stiffer competition last year. "Halifax only had four cleaning companies, but there are now ten, together with the multinationals," Richard says. "People were getting redundancy money and thinking they could set up business with a mop and bucket. The market is cut-throat." At the same time, demand slid. "New enquiries from industrial sites fell to zero for six months last year," Diane says.

Things are looking better, though. "It's beginning to pick up quite a bit and we're getting a lot more enquiries." Benton Cleaners employs 42 part-timers and a managed turnover of £130,000 last year, on which the pair made a 15 per cent return. "It makes us an average living. We drive secondhand cars," Richard says.

The Bentons moved from Peterborough and set up the cleaning company six years ago. The age and condition of factories in Halifax came as a shock. "They were ropey," Diane says. Offices have improved a lot but, apart from food factories, are there any Halifax production plants the Bentons rate as smart and clean? "No," Richard says.

Andrew Bonnington, chartered building surveyor, has been delighted with business since starting on his own at Dean Clough two years ago. After leaving Burton's property division, Bonnington did £36,000 of work in his first year, and this year it will be £80,000, on which he says he makes a pre-tax return of 65 per cent. The company employs just him and his wife.

Valuations for estate agents is the only kind of work he will not do. His main business is advising on building maintenance and refurbishment. A third of his work comes from Dean Clough itself. "A lot of other surveyors' practices have been laying people off. For many of these, fees still come first and clients second." Bonnington's hourly rate ranges from £30 to £70, plus expenses.

Gill Wilson, who owns Manor Properties, found a way of protecting her house-building company by switching in 1990 from entirely speculative construction to custom-built houses.

"We acquire a site, gain planning permission and then start building only when we have a client – and he has a large say in the house's design. We move along like that plot by plot." The company, which also converts older properties and whose homes sell from £40,000 to £500,000, has been given a leg up because other local builders have been wiped out. "A lot of competitors have been eliminated."

Leslie Smith produces sofa-beds, "inner tents" for caravans and dormobiles, cushion cases and wax coats. Leslie Smith has recently come back from retirement into the business of the same name, to help out his son, Graham. "Sales of camping equipment are quite good, but for sofa-beds they're terrible," Leslie says. The company has been failing to score a profit recently, and last year's sales slithered to £120,000 from £200,000 three years ago. Leslie thinks he can help pull the company back into shape. "You can get despondent as things go on. This feeling comes to a lot of people – but I don't see the point of that."

Tax and house rental

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I MOVED home as a result of changing my job and so I am renting out the whole of my main residence. I am considering purchasing a second property for investment purposes and renting one out as well.

1. Can the excess interest on the loan for the second property, over and above rental income, be used to offset tax on the income from letting my original home?

2. Does it matter, for tax purposes, on which house the loan for the second property is secured?

3. Can qualifying expenses incurred in the tax year immediately prior (1990-91) to letting these properties, and solely related to preparation for letting, be used as an allowance for tax purposes against rental income in the current tax year (1991-2)?

4. Can you recommend a thorough text which covers residential lettings in detail?

■ The solicitors who acted for you in the purchase will be able to guide you through the income tax and capital gains tax maze. (Before formally appointing a firm to act for you, however, it would be prudent to check that it has someone who is competent in the tax aspects of domestic property transactions.)

1. Yes; subject to the conditions set out in section 355(1)(b) of the Income and Corporation Taxes Act 1988) by virtue of section 355(4).

2. No; it is the use of the borrowed money which matters - not the security for the loan by virtue of section 354(1).

3. No. However, such expenditure may be deductible in calculating the chargeable gain when the house is sold, by virtue of Inland Revenue statement of practice D24:

"Expenditure on initial repairs to a property (including expenditure on decorations) undertaken in order to put it into a fit state for letting, and not allowable for the purposes of Schedule A, is regarded as allowable expenditure for capital gains tax purposes under section 38(1) of the Taxation of Chargeable Gains Act 1992."

4. You are probably better off talking to your solicitor.

The following free pamphlets from your tax office may be helpful, but tend to oversimplify the intricate and arbitrary rules laid down by Parliament:

CGT4 – Capital gains tax: owner-occupied houses

IR87 – Rooms to let

Trust dividends

WHAT IS the tax liability on distributions made by the American "Tri-Continental Corporation" Investment Trust? Is it true that in addition to quarterly dividends this trust, at each financial year end, declares a surplus payment depending on the gains made during the year and that this may be taken as shares or as cash?

The quarterly dividends would be liable for income tax in the normal way, but is it also correct that the surplus distribution would not be subject to income tax if it were taken as shares, but would be subject to UK income tax (but not US with holding tax) if taken as cash?

■ Yes, you are right.

What can I pay my wife?

WHAT is the maximum weekly amount which I could pay my wife for assistance in my business for the last tax year without having to pay National Insurance stamps.

■ The weekly exemption limit for wages actually paid in 1991-92 was £51.99; the corresponding limit for the current tax year (1992-93) is £53.99.

(Class 1 NIC is no longer collected bu means of stamps.)

Annuities and taxes

IF AN election is made not to take any tax free sum, and the whole amount of a personal pension fund is used to buy an annuity on retirement, is there any relief from income tax on a portion of the annuity paid each month?

No, the whole of the annuity is taxable (as earned income).

Transfering a house

I AM the sole beneficiary and executor of the estate of my uncle. I also hold his enduring power of attorney although this is not registered with the Court of Protection as yet. My uncle is 91 and almost totally dependant on me and my mother, who lives with him, for assistance he wishes to transfer the house he owns into my name. What procedure should I follow?

■ You can use the power of attorney to effect the transfer, if you register it and if the occasion for the power's exercise has arisen. If not you would need to have the transfer executed by your uncle, who should be advised by an independent solicitor and, if appropriate, with medical advice as to his capacity.

Joint ownership

MY HOUSE is registered in my name only. I assume that if the house was shared between my wife and myself, death duties would be reduced.

How can this be done?

■ There is no Inheritance Tax (formerly death duties) on gifts made by one spouse to the other. The use of joint ownership to save IT is only relevant where it is intended to make a gift of a part or all of the half share of the first to die to someone other than the surviving spouse. A formal transfer or conveyance into joint names (to hold as tenants in common in equity) can be used, or a declaration of trust followed by the appointment of a new trustee.

Books on CGT

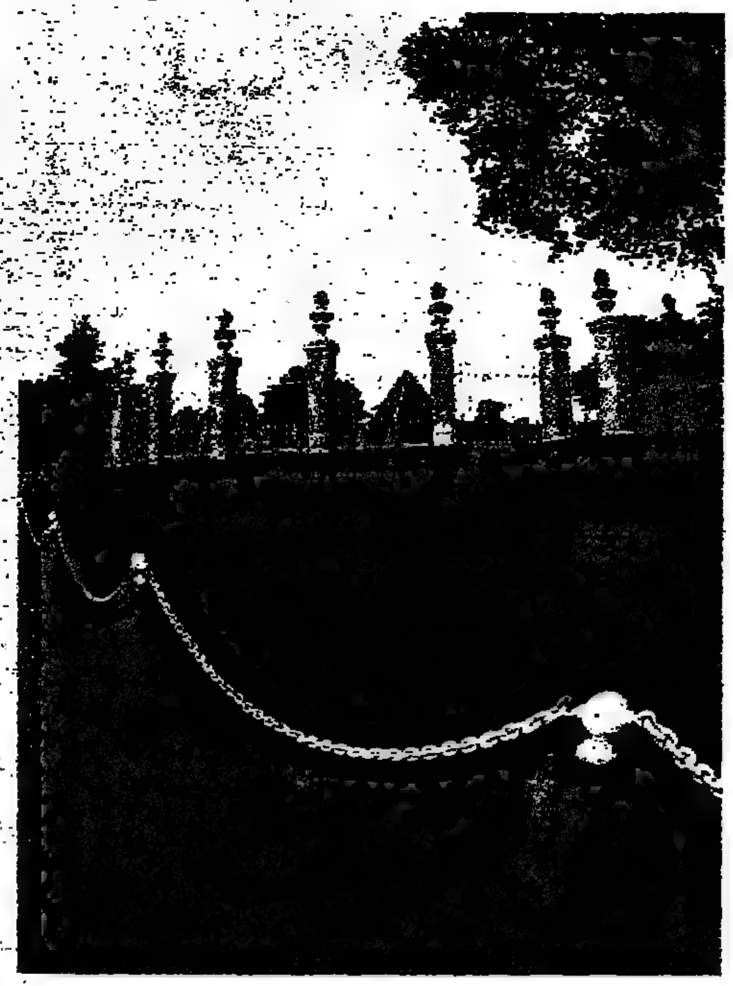
IS THERE a book which explains how to calculate capital gains? I have Inland Revenue booklet CGT 16, which does say how to deal with scrip or split issues.

Ask your tax office for booklet CGT13 (1991) – the indexation allowance for quoted shares. Tolley's Capital Gains Tax may meet your needs: the 1991-92 edition costs £22.95. It is published by Tolley Publishing, 2 Addiscombe Rd, Croydon, CR9 5AF. Tel: 081-686-9141.

FOOD AND DRINK

The '91 clarets: a hard year to sell

***Edmund Penning-Rowsell** tastes last year's frost-hit vintage and finds it better than expected*



Château Beychevelle: its 1991 clarets have good balance and structure

THE 1991 Bordeaux vintage was written off months before the grapes were picked, after the devastating frost of April 25/26 last year. The white wine crop of 42 m hl was the smallest ever *appellation contrôlée* in the Gironde. Red wine production was less than half of the two previous years at 2.16m hl. With the vintage also affected by heavy rain, is the quality any good and are the wines worth buying?

The first answer was given at the annual tastings of the latest vintage by the *Union des Grands Crus*. The Union represents 120 leading growths, except *premiers crus* and a few important *châteaux* which do not like their cask samples tasted *en masse* with the others. I was able to taste all left-bank firsts and one of the most reliable of the others.

The tastings showed that the 1991 vintage cannot be classed as poor, contrary to some forecasts, and is better than 1984 and 1987. Helped by the small yields, the wines have very good, deep colour. The more successful have enough fruit but at this stage cannot be described as welcoming on the nose and palate like their two predecessors.

Apart from the top wines, they were hard work to taste, and it was significant that only 94 of the union's members showed their wines in the tastings. The Médocs came off best; the Graves, which suffered hail and more rain, less well; and the St Emilions or Pomerols, by their very limited representation, demonstrated their problems. The few dry whites shown were generally good, as were the Sauternes. The others either were not considered ready to be shown or were probably not being offered *en primeur*. It is not improbable that a number of the reds were "assisted" by some dollops of '90, not yet bottled; but there is no harm in that.

The Union's wines were shown more or less alphabetically by appellation. The Médocs were divided into two tastings of 25 and 23 growths. Here are those that I picked out in the order as arranged. The figure in brackets indicated the number of wines tasted.

Médoc south (25): La Tour de By, Beaumont, La Bégorce, Citran (particularly successful in the bourgeois range), Angludet, Marquis de Terme and Latour-Carnet.

Médoc north (23): Clarke, Poujeaux (very fruity), Beychevelle, Branaire, Gruaud Larose (very good balance and structure), Lynch-Bages, Pichon-Longueville, Pichon-Lalande, Cos Labory, Ormes de Pez and Montrose.

Red Graves (14): Domaine de Chevalier, de Fieuzal, de France, La Louvière, Malartic-La-Gravière, Pique-Caillou and Smith-Haut-Lafitte.

White Graves (12): Chantegrive, Carbonnieux (elegant), Domaine de Chevalier (exceptionally full-bodied, oaky), de Fieuzal (less structure but fine), Larrivet-Haut Brion, Olivier.

Sauternes (6): Lafaurie-Peyraguey, La Tour-Blanche and Climens (the richest, best structured).

St Emilion (5): Pavie and Troplong-Mondot.

Pomerol (9): Nenin, Petit-Village, Clinet, La Croix-de-Gay (with an authentic brown-sugar Pomerol nose) and La Conseillante (elegant, light but true Pomerol style).

I believe it is a mistake for the first-growths and some leading seconds to refuse to mix with their social inferiors: as they may not always continue to sell on their names and reputations. To visit them, individual appointments must be made. All except Mouton-Rothschild opened their '90s for me as well, which show how rich and concentrated the '90 vintage is, and maybe superior to the more trumpeted '89. Listed in the order tasted, my notes were as follows:

Haut-Brion: fine nose, well-balanced but somewhat light in flavour. (La Mission-Haut-Brion from the same stable but different cellars had more flavour and size).

Margaux: very elegant nose, on the light side but very well-balanced – one of the best; the second wine, Pavillon Rouge, was surprisingly fruity and engaging.

Lafite: very good colour, like all these firsts; elegant nose, classic style but rather hard; its associate property in the Bas-Médoc, Cardonne, had an agreeable oaky aroma, and light but long taste.

Mouton-Rothschild: very big colour, closed nose, but concentrated flavour and excellent balance – particularly attractive. Its fifth-growth Clerc-Milon was very fruity and long on the taste.

Latour: very closed on the nose now and with a good deal of tannin, but plenty of body, and probably the most long-lived (Les Forts de Latour, the second wine, very similar in appearance and aroma, with lots of fruit).

The Borie family own Grand-Puy-Lacoste and Ducru-Beaucaillou. The former had colour and plenty of life and fruit, the latter more structure, elegance and fine aroma.

The position of the '91 whites is simple: they can be excellent, but there is very little of them. For the reds the problem is of saleability after three fine vintages and of price. The main encouragement to buy this controversial vintage must be bargain appeal. Yet the hard-pressed trade needs the cash-flow of an *en primeur* market.

In Bordeaux, price comparisons are being made to the 1987 vintage. This would give "opening offer" ex-cellar, in-bond prices of around £220 a case for the first-growths, £110 for the seconds, £60-£75 for other classed growths, £50 for many *crus bourgeois*, and £35-£45 for *petits châteaux*.

But another view is that since the 1990 prices came down 12-15 per cent and the '91s are better than the '87s, prices should be between the '90s and '87s. Some claim that only a steep reduction will attract buyers. The *châteaux* will shortly have to decide. Lafite, Margaux and Mouton-Rothscild have already come out at FFr 160 a bottle (£300 a case in bond). As the classier '91s are unlikely to appreciate in price in the next year or two, the only reason to buy them is if one is short of their predecessors back to '86. But the *crus bourgeois* and the *petits châteaux* are likely to develop fairly quickly, and once initially sold are unlikely to appear again on merchants' lists in the UK.

Cookery/**Philippa Davenport**

A vegetarian virtuoso

CARLA Tomasi – like Annie Bell, about whom I wrote last week – is one of today's bright young band of cooks who love vegetables and fish but do not eat meat.

Until last Christmas Tomasi was chef-patronne of Frith's restaurant in London's Soho. When the new year dawned she changed tack, closed the restaurant and set up her own cookery school, Turnaround Cooks. The move is a happy one. Sharing ideas as she cooks, and talking over more ideas as you eat together, suits her better than the restaurant scene where chef and customers are, for the most part, separated by the service door.

Tomasi is warm, gregarious and generous, an exuberant cook. There is nothing schoolmarmish about her and her classes are very informal. Nominally they are demonstration classes rather than hands-on, but I would call them participative. Her personality, the size of the kitchen and the numbers per class (15 at most, more often 10) see to that.

At Turnaround Cooks you will find no meek rows of passive audience looking up to The Cook performing on stage, never getting closer to the food than an overhead mirrored glimpse. Instead everyone gathers round the stove and table, close enough to weep when onions are peeled, to share an occasional splattering of extra virgin olive oil, and to lend a hand with this or that – stirring, cutting, kneading or whatever. All the senses are thoroughly engaged: sight, smell, sound and touch, as well as taste. This is a 3D cooking experience, charting every nuance of change as a dish progresses from raw ingredients to serving and eating.

Tomasi's is a contemporary cosmopolitan style of meatless cookery. It draws its inspirations from the fresh, spicy flavours of places as far flung as Thailand and the Caribbean, as well as her native Italy. This makes it particularly attractive to the young, and stimulating for slightly stuck-in-a-rut cooks who are in search of new adventures, but it is unlikely to enthuse diehard classicists or followers of haute cuisine.

Most of her courses are one-day affairs, and vegetarian cookery is the subject of many of them. The chocolate workshop, pasta and bread-making, fish cookery, Thai cookery, and Italian regional cakes, puddings and biscuits are other favourite subjects.

Sometimes Tomasi is joined by guest cooks (Anna Del Conte will team up with her for a series on Italian regional cookery in the autumn) and five-day intensive courses are being introduced in June. These will include visits to Brixton, Berwick Street and other London markets to shop for the key ingredients to be cooked.

A ticket to one of Tomasi's classes might make a splendid present to give to a godchild or niece. I would probably buy two tickets and go along myself as well – to spice up my ideas, and because a day in Carla Tomasi's company is such fun.

The fee (usually £50 for a one-day course, inclusive of lunch with wine) strikes me as a bargain, and an added attraction is the location. Turnaround Cooks' classes are held in London's Notting Hill Gate, in the kitchens of Books for Cooks, mecca for those with an appetite for culinary reading.

SPINACH DUMPLINGS IN TOMATO & BASIL BROTH

Carla Tomasi reckons that this lovely recipe is enough to make a generous main course lunch or supper dish for three people, or a substantial first course for four.

For the dumplings: 1½ lb spinach; ½ lb ricotta cheese; 2½ oz freshly grated Parmesan (plus a little extra for serving if liked); freshly grated nutmeg; 2 eggs; a little seasoned flour.

For the broth: 1 x 800g (or 2 x 400g) can(s) of plum tomatoes; 1 teaspoon extra virgin olive oil; a few basil leaves; 2 garlic cloves; a little passata (optional).

To make the broth, first sieve the canned tomatoes and dilute with an equal volume of water (use the empty can(s) to measure it). Add a dash of passata if the tomatoes are pale, as they may be very occasionally. Chop the garlic and basil finely.

Heat the olive oil in a roomy saucepan with a large surface area and sauté the garlic and basil briefly over high heat.

Add the tomatoes, simmer gently without a lid for 20-25 minutes and season to taste.

For the dumplings, first cook the spinach until very tender. Drain, squeeze out the water and process to a puree. Add the ricotta, Parmesan, a generous seasoning of salt, pepper and nutmeg, and the lightly beaten eggs. Process again to mix well.

The mixture will be slack and slightly sticky, too soft to shape into neat, perfectly round dumplings – which is why the Italians call them *malfatti* (badly made or mis-shapen). Do not be put off: the taste and tender light texture are exquisite.

Chill the mixture if time permits, so it firms up a little. Then, using oiled or wetted spoons or hands, divide and shape it into soft green blobs slightly smaller than ping-pong balls. Sit them on a floured baking tray and set aside until shortly before serving. If refrigerated, the dumplings will keep for two to three days.

To finish, bring the tomato broth back to a bare simmer. Shake the tray of dumplings to roll them about and coat them lightly all over with the flour. Then slide them into the liquid, one by one in quick succession. They will sink as they dive in and swim to the surface when cooked, about 10 minutes later. Keep the flame very low throughout poaching: barely a bubble should break the surface of the liquid.

Lift out the dumplings with a draining spoon when they are ready. Serve them in warmed soup plates with the tomato broth poured round them, and maybe a grating of Parmesan sprinkled over them.

■ Carla Tomasi, Turnaround Cooks, 73 Clare Court, Judd Street, London WC1H 9QW. Tel: 071-278-2659.

The dream of steam that nearly drowned

***John Kitching** describes an epic – and ultimately tragic – 19th century voyage to chart the mighty Euphrates river*

IT WAS a remarkable story of two 19th century visionaries, one a novelist, the other a soldier. Their dream was of a steamboat expedition down the uncharted Euphrates river: a voyage to match the great achievements of ancient Greece and Rome.

Two paddle-steamers would be built in England, shipped in parts to the Syrian shore, transported overland by hundreds of camels or oxen to the upper reaches of the mighty river, and assembled on its banks. The expedition, the first full British survey of the Euphrates, was to bring tragedy, as described in a new book by John Guest*.

First, the two men and their vision. Thomas Love Peacock – a tall, handsome, novelist friend of the poet Shelley – worked for the East India Company. He believed the Euphrates could be a commercial route from Britain to India. His associate was Francis Chesney, a small, wiry artillery officer-turned-explorer who believed strongly that nothing was impossible. Later, he was to be hailed by some as the father of the Suez Canal.

The Euphrates expedition was not simply the dream of two men. It was an attempt by the British government to achieve a geo-political end by technological means. The objective was to halt Russian expansion in the near east, which was seen as a threat to India. The instrument was to be a flotilla of iron-hulled paddle-steamers that would patrol the Euphrates from the Anatolian mountains to the Persian Gulf.

Peacock was a classical scholar. He knew that, more than 1,500 years earlier, the Roman emperors Trajan and Julian had led flotillas of flat-bottomed craft down the Euphrates as far as Babylon in support of their campaigns.

In 1829, Peacock sent a memorandum to Lord Ellenborough, president of the India Board, expressing his fear that a foreign power might threaten Britain's interests by repeating the emperors' triumphs.

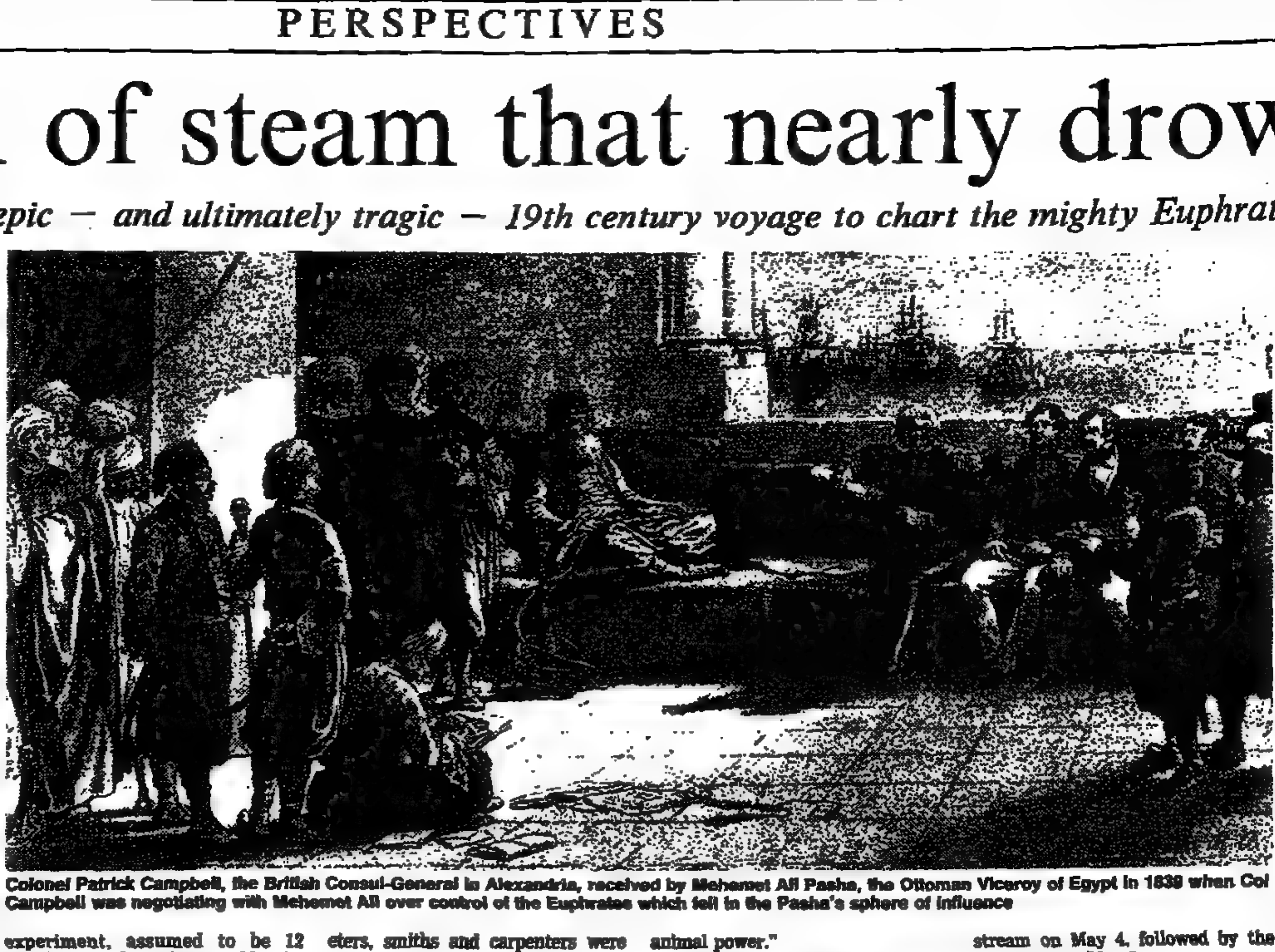
Ellenborough decided there should be a feasibility study of the Euphrates route. Chesney, already 41, was chosen. He completed his survey in September 1832, and met Peacock for the first time in January 1833. His diary records: "I found that he [Peacock] was deeply versed in the ancient history of the Euphrates and that he had not only been the first to bring this line of communication with India forward, but that he had collected in a thick book every private notice he could find of that river, whether contained in Gibbon, Balbi, or any other work."

The two decided to suggest a trial expedition. By late 1834, the dream of the great river journey was about to come true. Guest writes: "A plan of action had already been prepared. Two iron vessels would be built and tried out in England; six months after placing the order, they should be ready to be shipped off in frame. The larger one would measure 100 tons and would be powered by two 25hp engines, while the smaller, designed for the low-water season, would measure between 60 and 70 tons with two 8hp engines.

"If they were shipped to the Syrian coast, as Chesney recommended, the voyage would take about 50 days. Five days would be required for unloading the crates and tracking them up the Orontes to a point near Antioch, whence camels and heavy wagons could transport the entire 300-ton load in three journeys to Bir, only 50 miles distant, in a week.

"Allowing 40 days to reassemble the vessels, the initial 1,100-mile trip down the Euphrates, which would also require time for negotiations with the Arabs and for laying down coal depots, should bring them to Basra a month later – for a total elapsed time of 131 days after leaving England.

"The return trip upstream to Bir was estimated at eight to 10 days. Thereafter, for the duration of the experiment, assumed to be 12 months, regular trips would take eight days to go up-river and five days to go down."



Colonel Patrick Campbell, the British Consul-General in Alexandria, received by Mehemet Ali Pasha, the Ottoman Viceroy of Egypt in 1839 when Col Campbell was negotiating with Mehemet Ali over control of the Euphrates which fell in the Pasha's sphere of influence

Orders for the steamers were placed with Lairds of Birkenhead. By the end of 1834, the impatient Chesney had named the ships *Tigris* and *Euphrates*, abandoned the idea of sea trials, and begun to organise the packing. He chartered the 390-ton *George Canning* to transport the vessels, and loading was completed by February 1 1835. On February 10, the journey began.

By April, it had reached the Bay of Antioch. Chesney, impatient as ever, decided to assemble the smaller steamboat, the *Tigris*, and to test it on the Orontes river. Riveters, smiths and carpenters were put to work. Two weeks later it was launched. But it steered badly in the shallow waters of the river, and Chesney decided to unship the paddles and drag the hull overland in several pieces to the Euphrates.

Guest writes: "The expedition's carpenters and smiths, helped by local artisans and using lumber from the area, started work on building wagons to carry the heavier loads over the hills.

"Oxen had for centuries provided the power to move things overland, but many of the bullocks, procured with much difficulty, were ill-adapted to team work. The most effective means of traction proved to be a combination of human and animal power."

It took several weeks for the parts of the *Tigris* and *Euphrates* to be dragged to Port William, south of Bir on the upper reaches of the river. By autumn, after much activity, the larger of the two ships was almost ready. The *Euphrates* was launched on September 36, sliding sideways down a 25ft slope.

By now, though, Chesney had caught malaria. The weather was worsening and it became clear that a voyage down the river would not be possible during the winter. It looked as if the dream might fall apart. But by spring 1836, the outlook had improved: Chesney was somewhat better and the *Tigris* had been launched. It set off downstream on May 4, followed by the *Euphrates* on May 8.

The journey proved worse than anyone could have imagined. Within days, the two steamers were hit by a violent storm. Witnesses said it lasted only 12 minutes; yet, the *Tigris* was wrecked. Guest records: "In pitch darkness, almost on its beam ends, the *Tigris* drifted down the river with water pouring through the windows, which nobody could close. The engineer remained at his post and two other men struggled vainly with the windows, while the rest of the ship's company gathered in silence on the after-deck."

The order to stand fast was given, but most of those huddled on the deck were unprepared when the *Tigris* sank suddenly in 30ft of water. One of the crew recalled "being balanced on the awning ropes, with a native holding my feet and screaming piteously." Twenty of the 37 people on board died.

On May 24, Chesney told his remaining crew that he had received orders to disband the expedition by the end of July. Despite that, he was determined, if his colleagues agreed, to continue the descent of the river. "Predictably, Chesney's appeal was effective. 'One and all,' he records, 'officers and men at once expressed themselves not only ready but anxious to second me in every way, and volunteered to forego their expedition pay in order to lessen our expenses as much as possible'."

On June 19 1836, 91 days after leaving Bir, the *Euphrates* steamed down the Shatt-al-Arab waterway. By now, crates and barrels were being used to eke out the fuel supply. It anchored at Basra, within sight of the Persian Gulf, at noon: almost journey's end. After a brief rest, Chesney took the *Euphrates* up the Tigris to complete his survey of the two rivers. But his epic journey was to be in vain. Six years later, in 1842, a report to a House of Commons committee, based on the experiences of the *Euphrates*, declared the river "not well adapted for the purposes of steam navigation."

Peacock, his dream in ruins, resumed writing essays and reviews, including his reminiscences of Shelley. But he never wrote of the project that he had conceived, promoted and observed for years. He died in 1866, aged 80.

For Chesney, the hot-headed visionary, the dream of the great river never died. He returned to the Euphrates and become associated with abortive projects to build a railway up the valley. He died in 1872, aged 88.

■ **The Euphrates Expedition*, by John S. Guest, published by Kegan Paul International. Price £45.*

Tales from the Earth

Priest who was brought to life after 3000 years

***Gerald Cadogan** starts a new series on the stories uncovered by archaeology*

NATSEF AMUN was a priest in the great temple of Amun at Karnak, near Luxor in upper Egypt, in the reign of Ramesses XI (1113-1085 BC). He lived a pure priestly life, taking two baths a day and two at night, and shaving his head and body daily. He did not wear animal products of wool and leather, but had linen robes and papyrus shoes like espadrilles.

He died, and was mummified, with his tongue sticking out. The mummy men worked quickly – we know because his eyes were still in his head – to remove the vital organs and dry his body before packing it with spices and wrapping him in more than 40 layers of cloth, both fine linen and dishrags. Then they gave him garlands of red berries and lotus flowers and put him in an anthropoid (body-shaped) double coffin and buried him. Three thousand years later he has come back to life with a full medical dossier, thanks to the Manchester Mummy Project.

On display at the Manchester Museum until May 23, when he returns to his permanent home in Leeds Museum, Natsef Amun crossed the Pennines to see the Mancunian consultants, who specialise in describing mummies and their ailments. Prognoses are impossible, since these patients are centuries dead.

Like all visits to a new doctor, the first questions about the patient were who he was and how he lived. The hieroglyphs on his coffin gave his name and occupation, as the worthies of the Leeds Literary and Philosophical Society discovered in 1828 when they translated the texts and made a first examination of him soon after he reached Leeds (via Trieste, Paris and the Egyptian Hall in Piccadilly). They wrote up their investigation in a 60-page *Account of an Egyptian Mummy*.

As a priest of Amun, Natsef Amun's job was to be the scribe/accountant in charge of the corn offered to, and eaten by, the sacred cattle that were to be sacrifices for the god's daily feast. The priests ate the steak and other good food which the god naturally could not eat himself.

The medical confirmed this comfortable, privileged life. A body scan revealed no degenerative diseases apart from arthritis in the neck and an early stage of hip osteoarthritis, which today would mark him as a candidate for a hip replacement.

The scan also showed that his brain had been removed in the usual fashion during mummification. Then the organs were put in urns, called Canopic jars, or wrapped in small packages for replacing in the body cavities. Natsef Amun's surviving organs, including his kidneys, were lost in 1941 when the Leeds Museum was bombed.

To look at him internally the doctors used an endoscope, a tube that reaches parts they could not reach. Top of the agenda was to determine why his tongue stuck out. Did he have throat cancer? Endoscopy suggested he did not. Had a bee stung him? Possibly. Or was it much worse – had he been strangled? Scientists could not rule that out. After 3,000 years it is hard to certify the precise cause of death.

Dr Edmund Tapp, K W Wildsmith and Dr Rosalie David of the Manchester Mummy Project get to work on 3,000-year-old Natsef Amun

The endoscope also takes tissue samples. They probed the chest, hoping that the mummifiers had left some bits behind even though his organs had gone. As mummification is a process of drying the body by packing it with natron (a natural compound of sodium carbonate and sodium bicarbonate named after the Wadi Natrun north west of Cairo), today doctors can restore tissue samples by rehydrating them and fixing them so that they do not rot.

Natsef Amun's samples gave his blood group and his DNA. That can tell the person's sex – if it is not clear otherwise – and family connections, and help to identify viral and bacterial diseases.

Next, the Manchester team removed his eye and optical nerve – a medical triumph, as the eyes do not survive usually – and found hints of neuritis. His surviving teeth were in good condition. With little sugar in the diet, cavities were rare in ancient Egypt, but worn teeth were common as sand got into the flour when it was ground in stone mortars. But he did have gum disease, and his teeth were badly worn.

There were interesting discoveries around the groin. Natsef Amun would have been circumcised on becoming a priest, but that could not be checked as his penis was broken and lost. But there were signs of incipient elephantiasis (swelling of the legs and scrotum) and atheroma, the blood vessel disease that can lead to cramps, strokes, heart attacks and gangrene. But as the Egyptian diet was low in cholesterol, it was not serious.

He died in middle age, says "Fingers" Fledge, the retired fingerprints expert of Greater Manchester police, and his hands showed that he had not been a manual worker.

What did he look like? The scientific team used a scanner to build up a 3D computerised X-ray image and fed that into a numerically controlled milling machine, cutting a block of polystyrene. That gave his skull. Richard Neave, Manchester's master of facial reconstruction who has recreated Lindow Man, the body found in an Irish peat bog, Philip of Macedon and an unknown man killed in the Kings Cross Underground fire, got to work with modelling clay to show flesh thickness, and soon produced a well built man, in his mid-40s, with a shaven head, and his tongue in its proper place.

At Manchester, bringing mummies back to life is a skill that goes back to 1908. The Manchester Mummy Project has now dealt with many mummies, and as the home of the International Mummy Data Base, the team helps researchers find out more about life in early Egypt and how diseases occur and recur.

Support has come from the Wellcome Trust, the British Academy, Kodak, and Keymark, which makes the endoscopes. However, it costs about £100,000 to bring a mummy back to life, and the Mancunians are always looking for sponsors. "The mummies have their own bank account," says Dr Rosalie David, leader of the project and Egyptologist at the Manchester Museum, "and we hold concerts for them."

As They Say in Europe

The missing ministers

ONE thing you have to say about the German foreign minister, Hans-Dietrich Genscher, is that he always knows when to move on. He quit the coalition with the Social Democrats ten years ago when they looked in trouble, and now he has left Chancellor Kohl in the lurch. As the German Press agency, DPA, put it, his resignation could not have come at a worse time for the Chancellor, who was facing the first large national strike in nearly 20 years, the rise of something nasty on the right and a general pessimism about almost everything.

So the *Frankfurter Allgemeine Zeitung* wrote: "An era in Germany's post-war history is coming to an end, an era which was linked to the name of Hans-Dietrich Genscher. Like nobody else, he embodied continuity over the years." It concluded that in Europe, Genscher's weight had increased had increased since the unification of Germany, which is one way of putting it.

Germany's problems might have been expected to add to the the pleasure of nations: the media in neighbouring countries find it hard to conceal their true feelings when Germany faces the kind of trouble that normally afflicts them. But under an editorial entitled, "The price of reunification" in *Le Figaro*, Georges Suffert said the price was being paid by everybody. "If the German government gives in [to the strikers], we should not have any illusions." It would mean the end of the hopes of lower interest rates and maybe worse than that: Suffert quoted Thomas Mann who said Germans show their lack of maturity in times of trouble.

One country that seems to show some maturity at such times is Russia. At least that is what the deputy prime minister Yegor Gaidar told all of us who had assembled in Washington as his country was admitted to the IMF and World Bank. We thought his confidence seemed to border on complacency, but that attitude was shared by his country's media. *Nezavisimaya Gazeta* said western warnings about backsliding over tough fiscal policies were made for "educational purposes." The warnings were not meant for national leaders but for their opponents and supporters. "In fact, the readiness of western partners to share their views with the reformers' team is much more vigorous than necessary." In other words, please do not bother us with your troubles.

The hero of the last IMF meeting was Grigory Yavlinsky – the top Russian economist of 1991. He disappeared with Gorbachev but popped up in *Komsomolskaya Pravda*. The Russian insouciance was apparent when he wrote about the Group of Seven aid package that had been promised as a result of IMF approval for Russian policies: "The $24bn assistance might prove very useful, but only if the country knows how to use the assistance. If the government is not efficient, wise and reasonable in its use of the credits, they may bring serious losses. The trust of the people, not the money, is at stake now."

Germany and Russia may have dominated the international stage last week but that did not mean nobody else had troubles. Most problems turn up at IMF meetings but few noticed the appalling state of affairs in the Netherlands, or its consequences. The country has an incomes policy but it collapsed last week and this meant the Dutch finance minister, Wim Kok, could not turn up for vital meetings. The Dutch have been complaining for years about the way they are left out of the international decision-making process. The one forum they do attend is what is irrationally known as the Group of 10, which consists of 11 countries. It was this group which gave the formal go-ahead to the western effort to stabilise the rouble and much else. Kok missed other meetings too. So in *NRC-Handlesblad*, Roel Janssen wrote: "Both at the EC finance ministers' meeting where aid to non-Russia was discussed and at the G-10 which took an important decision for the first time in years, no minister from the Netherlands was there."

The development aid minister, Jan Pronk, was asked about Kok's failure to come to Washington at the one time he could have made an impact. Jos Ter-Horst of the *Algemeen Dagblad* quoted the reply: "His absence is an investment in his future presence."

■ ■ ■

There was an unusual event in Warsaw last week. Piotr Wojcik, who is deputy-speaker of the Sejm, the parliament, took part in a demonstration against parliament. *Zycie Warszawy* said this was an example of political schizophrenia. "In politics, it is not enough to have rights. You have to persuade voters about these rights. But it does not mean that in constructing a strong and sovereign Poland, parliamentarians should demonstrate against parliament."

James Morgan

■ *James Morgan is economics correspondent of the BBC*

Echoes of Achilles haunt this ancient mystery

***Kerin Hope** investigates the evidence for a murder most foul*

AN ANCIENT whodunnit has a special fascination, particularly when the gentle scraping of an archaeologist's trowel unexpectedly reveals the murder victim.

Nikos Stampolidis has been excavating an early Greek cemetery at Eleutherna, in the western foothills of Mount Ida on the island of Crete: "a site full of surprises," as he puts it. Not the least of these is a striking connection between his grisly find and a famous burial ceremony conducted outside Troy, the ancient city described in Homer's Iliad.

The city of Eleutherna, built in a splendid defensive position on a long narrow hill cut off by a ravine on each side, flourished from the 11th century BC until the Romans conquered Crete.

In the 1920s British archaeologists found several striking pieces of sculpture of the archaic period. When the University of Crete resumed excavations there in the mid-1980s, Doctor Stampolidis decided to dig on the steep western slope.

He unearthed more statue fragments – some built into terracing for the olive groves which now cover the hill – suggesting that Eleutherna was an important centre of early Greek art. The leg of a finely carved "kouros," a nude figure of a young man, dates from the 6th century BC. It is made of local limestone, and would have stood almost six feet high.

Four small, delicately worked ivory heads of figurines, perhaps gods or heroes, date from a century earlier. These were found in one of a bewildering array of burials in the cemetery, which was used by generations of city-dwellers from the 10th to the 6th century BC.

Children were often buried in *pithoi*: Ali Baba-style jars used for storing oil or honey. Many adults were cremated on funeral pyres built of neatly stacked logs of pine or cypress. Nikos Stampolidis says: "They wore their best clothes and their jewellery; they were surrounded by offerings and household goods. Afterwards the bones were collected and cleaned, then preserved in a covered jar."

Last summer, while cleaning the remains of one pyre, the excavators revealed part of another, more extravagant cremation: "a rich, important man, judging from the bones of goats and cattle and and a pair of ox horns that were found – all slaughtered for the burial."

From one side of the pyre came a surprising find: a curving line of human vertebrae. Beside it lay a whetstone, a perfume bottle and the neck of a broken water jar. The leg bones were burned, and the skull was missing. "Instead we found a double-edged iron knife, broken. It would have been about 12 inches long." Studies of the bones by Tina McGeorge, a British expert, showed that the headless man was about 40 years old and powerfully built. His spine was forced into an unnatural curve – apparently because his arms were tightly bound behind his back, perhaps with a piece of wood thrust in between, to pull back his head. His throat had been cut. "The man was killed in a kneeling position, and fell on to his right side. I think his head was probably tossed on to the centre of the pyre."

Was it an expiatory sacrifice, an execution, or a ritual revenge killing? Stampolidis thinks the victim may have been a prisoner of war, executed at the funeral of the man he killed. From the style of the perfume bottle, the execution can be dated to about 725-700 BC.

This was the period, some five centuries after the probable date of the Trojan war, when Homer's epic poems were written down. The execution remains discovered on Crete vividly recall the scene in the Iliad where Achilles, the Greek hero, buries his friend Patroclus on a huge funeral pyre, after slitting the throats of "twelve noble sons of great-hearted Trojans" in revenge for his death.

The ritual of execution in early Greece was elaborate. A virgin brought water in a jar to dampen the whetstone; the knife used to decapitate the victim had to be broken and immediately discarded. If Patroclus' burial is anything to go by, Nikos Stampolidis may find more human victims this summer when he uncovers the rest of the pyre.

"Perhaps we shouldn't be so surprised to discover that some of Homer's descriptions of the Trojan war were really drawn from contemporary Greek life."

The best platform for dancefloor poseurs

***Alice Rawsthorn** on the shoe sculptures of Michel Perry*

IF YOU glance around any of the hot Paris nightclubs, such as the *Folies Pigalle* or *Les Bains*, it sometimes seems as though every self-respecting girl on the dancefloor is wearing a pair of Michel Perry platform shoes.

Perry used to be one of the best kept secrets in Paris. For years the fashion parties and art openings in the city have been packed with Parisiennes shod in his spindly stilettos. Now he sells his shoes further afield to shops such as Joseph in London and Barney's in New York.

What makes the 42-year-old Perry different from most of the current crop of fashionable shoe designers is that he does not design for a particular type of woman. "It's a question of *esprit, of attitude*," he says. "My shoes are for women of all ages, from girls of 17 to women in their 50s."

The cast list of his customers bears *this out*. The funkier styles are snapped up by super-models, such as Naomi Campbell and Claudia Schiffer, or by the new generation of French stars, like Vanessa Paradis, the pouting "tweetiepie" in *Chanel's* Coco commercial. But Elizabeth Taylor, a star of a very different vintage, *picked up a pair of* Michel Perry's while she was shopping in New York.

His collection is certainly eclectic. The spring range, now being sold from his pretty pink and yellow shops on the rue de Grenelle in St Germain and rue de Turbigo near Les Halles, includes elegant '50s stilettos *and dainty mules which could* be worn anywhere, however smart, as well as the platforms.

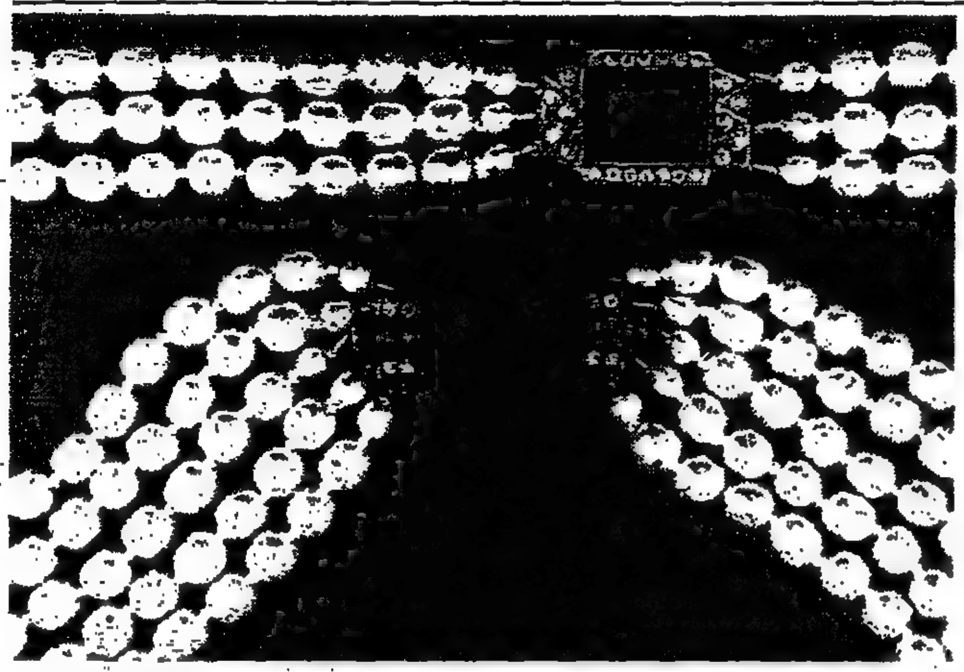
Perry sees his shoes as "archetypally French, very sexy, always elegant but with a witty twist". He takes classic styles such as mules or stilettos and makes *them in new* colours – pale pastels for this season – with distinctive heels in square or circular shapes. His designs are always idiosyncratic, but never too much so. "I like my shoes to be witty, but never to the *point of caricature like some of the* young English designers."

Each collection has a different theme. This summer he was inspired by *images* of "haute couture in the late 1950s" and the "elegance of Paris after the war". For next autumn, he has gone for a "more decadent look, a little Moulin Rouge, a little Baroque" with high-heeled boots embellished with the sort of buckles and straps which would not look *too out* of place in the shop windows of the seedy Saint Denis district near his rue Turbigo *shop, and a "Roman Holiday" range* of dapper brogues with flat heels and very, very pointed toes.

His prices are about the same as those of his compatriots, Robert Clergerie and Stephane Kélian, at around £150 a pair, and his shoes *are made to a similar standard*. All his shoes are made in the same factory near Venice that he has worked with for ten years. "It's an *artisan sophistiqué*, not too big and not too small. My shoes designs have so many little details that the *shoes are difficult to make*. It is the only place I've ever found that can do exactly what I want."

Perry now employs seven people in Paris and makes 30,000 shoes a year at the Italian factory. His business is *expanding* – a new shop, his first outside France, opens in Madrid later this month – but he does not want it to get much bigger. "There will only ever be a limited market for my shoes," he says. "In any case, I want to spend my time *designing, not trying to be a businessman.*"

Best foot forward: some of Michel Perry's footwear *fantastique*



Pearls with added culture

AS THE price of real pearls soars beyond the reach of all but Eastern (or, I suppose, Western) potentates, and as even cultured pearls are becoming increasingly expensive, Cobra & Bellamy has developed a stunning range of *faux* glass pearls.

What makes its range more interesting than most is that they are used with great generosity – no timid little rows of sedate pretend-real baubles, these are generous strings of slightly irregularly shaped Baroque beads given special panache by the clasps, all of *which are copies of originals* from the 1920s.

Most of the cheaper strings of fakes in department stores are spoiled by *their colour* – too bright and too white (mainly plastic) – and by the give-away cheapness of the clasps. The Cobra & Bellamy "pearls" are glass beads with a nacrous coating which apes very realistically the iridescent sheen of real pearls. The *clasps are equally false but* equally bold – *faux* carved emerald and paste, *faux* ruby and paste, *faux* jade and paste stones are used to create distinctive designs which give zest to the whole string.

Cobra & Bellamy find that though many of its customers are the sort one might expect to wear only "real" jewellery, they buy these strings because they feel so much easier walking around wearing something that cost a few hundred as opposed to thousands of pounds.

The two strings and clasps photographed here cost £880 for the five row necklace with a *faux* carved emerald and paste clasp set in silver. If the pearls were cultured and the clasp real they would probably cost £60,000. The three-row necklace has a clasp of *faux* jade and paste stones set in silver and costs £380.

■ Cobra & Bellamy is at 149, Sloane Street, London SW1 and at Liberty, Regent Street, London W1.

Lucia van der Post

A cut-price trove of solid silver bounty

IF YOU are looking for a present – whether for a wedding, a christening, a birthday or an anniversary – it is worth taking a look at the mail-order company Silver Direct.

A selection of its silverware is pictured below. Nothing it sells is startling. You will not find in its brochure anything to amaze or wonder at. What you *will* find is solid, dependable, classic (if not staid) pieces at very affordable prices. Silver Direct sells fine-quality silver made into the sort of everyday articles that most people want at prices that it claims are considerably lower than most retailers – *and a quick check reveals its* claims to be true.

For example, some admirably plain cutlery – Rat Tail design – selling at £50 for a place setting (table knife, fork, spoon, desert knife, fork and spoon) in silver-plate and at £238 a place-setting in sterling silver sells in *another* emporium for £107 for silver plate and £354 for sterling silver. Other classic patterns – Old English, Kings, Queens, Fiddle Thread and Shell, Albany, Duberry and St. James – are also available.

Then there are hip flasks (£185) and pillboxes (£45), a plain square silver-plated photograph frame (3½ ins by 2½ ins £16), silver and gilt 12 bore salt and pepper shakers (£129), pure bristle silver military brushes and combs (£165) and all the other appurtenances deemed essential to the solid bourgeois life.

On the more glamorous front there is also a *selection* of jewellery – safe and accessible as you would expect (Russian bangles, twisted knot ear-rings) but nonetheless good value. Nothing in the brochure costs more than £500.

Part of the reason prices are good is that Silver Direct does not hold a lot of stock, so orders take between one week and a month to arrive. The other reason is that Silver Direct has low overheads, no city centre rents and few staff. *For a brochure write to Silver* Direct, 3 Crosland Place, Taybridge Road, London SW11 5PJ. Tel: 071-228-9694.

LvdP

Rembrandt: images for the masses

IF YOU have seen either of the Rembrandt exhibitions currently showing in London – whether the paintings and etchings at the new Sainsbury Wing of The National *Gallery, or the drawings at the British Museum* – you are likely to have come away with images that you will remember for ever.

Few of us are in the genuine Rembrandt-owning league, but there are now fine techniques for reproducing some of the images and The Quintessa Art Collection has produced some exceptionally fine facsimiles of a few of the Rembrandt drawings on show.

The prints come beautifully mounted in cream and sepia. All come with relevant curatorial information and the imprimature of British Museum approval attached to the back, and prices are exceedingly reasonable.

Two women teaching a child to walk – an exceptionally tender drawing and one of my *favourites, photographed above* – measures 10 ins by 9 ins and costs £33, mounted but unframed, £59 framed. Other favourites are the Study of a Lioness (15 ins by 11 ins, £40 mounted, £82 framed), and Study of a Girl Sleeping (13 ins by 15 ins (£47 mounted, £94 framed). From the British Museum gift shop, The Victoria & Albert Museum gift shop, The General Trading Company and Fortnum & Mason's Stationery Department.

Lvdp

Tying and dyeing in the studio

***Hilary de Boerr** enjoys an eclectic range of crafts and textiles*

LIVINGSTONE Studio is the sort of place you could spend ages in, simply admiring the craftsmanship and design of traditional and contemporary textiles.

The white-washed walls of the Hampstead, London, gallery are adorned with exquisite garments fashioned from fine cotton, linen and Indian silks. An eclectic collection of artefacts – such as boldly coloured tapestries, hand-crafted *wooden bowls* and platters, and individually designed plant-holders – is scattered about, complementing the clothing. The high ceilings and many windows enhance the viewing.

For lovers of art and fashion *this could well be the ultimate* shopping experience.

There are no shop assistants hovering around – you can look at your leisure just as you would observe paintings in a gallery. But should you want to know more about the exclusive range of items, owners Inge Cordsen and Kate Crosfield will give a guided tour.

"Just look at the traditional tie and dye work here," says Cordsen, displaying a pale gold Indian silk dress which appears to be finely embroidered. Closer inspection *reveals no stitching – hours of* detailed tying and dying have produced an amazing effect of design and texture.

For intricate stitching, Cordsen shows off a hand-made silk appliqued outfit, comprising coat, dress and trousers. Their most expensive item, at £1,147, is a delight to examine and touch.

With Livingstone Studio, Crosfield and Cordsen did what they were strongly advised *against doing – opened their* doors to the public in the recession.

Last year, the two embarked on nine months of research – including a three-month business course for Crosfield and five weeks travelling around India in search of hand-woven silks, antique shawls and colourful village handicrafts. In October they had their *first exhibition*.

Their third exhibition, now under way, features their spring and summer clothes collection. "Indigo and ivory" combines textiles and garments of natural colours and dyes, hand-woven *cottons* and silks, quilts and cushions, antique English linens and lace. Space is also devoted to the work of young British textile artists.

Clothing prices start at £58 *for* a hand-finished *cotton* blouse with hand-made buttons. A 17th century lace shawl costs £250, cashmere and silk scarves £180, a raw silk skirt and jacket about £365.

Some clothing items can be made to order and a selection of fabrics is for sale.

German-born Cordsen has been designing textiles and knitwear since leaving art college in the mid-1980s. Customers for her knitwear range – a business operated separately from the studio – include Liberty's, Harrods and companies in Italy and Japan.

Crosfield specialises in collecting antique garments and textiles. The studio's second exhibition featured 19th century textiles and artefacts from the Sarakatsani nomadic shepherds in the Balkans, *some of which are still on* show.

■ *Livingstone Studio, 36 New End Square, London NW3 1LS. Tel: 071-431-6311. Wed-Fri 10 am-5 pm. Weekends 2 pm-5 pm.*

Lydia van der Meer

Kate Crosfield (left) and Inge Cordsen in the gallery at Livingstone studio

Lydia van der Meer

Hand-sewn cushion covers in Livingstone studio, Hampstead

Racing/Mark Popham

Two billionaires and their wonder horse

ALLEN Paulson is an aerospace magnate whose humble beginnings on an Iowa farm in Depression America have been *translated into significant wealth.* Sheikh Mohammed is one of the four Maktoum brothers who rule Dubai, the United Arab Emirates state which has been transformed in the last 30 years through oil.

What both have in common, apart from wealth, is a passion for horseracing. *Each owns half of Arazi,* potentially the most exciting racehorse seen anywhere for 20 years or more.

Arazi is a small three-year-colt *who moves incredibly easily and* has won all but the first of his nine races, eclipsing the best horses in Europe and the US. Today Arazis face his toughest test in America's most prestigious race, the Kentucky Derby, worth $985,000 (£556,000) to the winner and run over 1¼ miles on the dirt before 125,000 fans at Churchill Downs race course, Louisville, Kentucky.

The French-trained colt is expected to win even though he faces up to 18 opponents. *British bookmakers* quote him the 4-7 favourite. Arazi would be the first European-trained horse to win the Kentucky Derby, run today for the 118th time.

Not many *have tried. The US* media – 1,250 turf scribes have press accreditation at Churchill Downs – are staggered that a European horse, *used to racing on grass* and trained differently, is set to take their top race.

Paulson, who bought Arazi for $350,000 as a foal, at the key Keene*land Sales in Lexington, Kentucky,* and routinely has horses trained in France, insisted that the young horse fly to the US to challenge for the race he has always dreamt of winning.

He got his way, in spite of selling a half share in Arazi for a reported *$9m to Sheikh Mohammed,* who, with his brothers, has built up the greatest racing and breeding empire ever seen.

The sale was completed before *Arazi made his first trip to Chur*chill Downs last November for the $1m Breeders' Cup Juvenile, in which he came from last to first with amazing ease, gaining a reputation as a wonder horse.

If Arazi is successful today (the race starts at 10.32pm UK time), Paulson wants the colt, sired by Blushing Groom, to stay in America for the remaining Triple Crown races, the Preakness on May 16 and the Belmont on June 6.

On the other hand, Sheikh Mohammed has not won an Epsom Derby, in spite of his enormous expenditure on thoroughbreds, and thinks Arazi should return to *Europe to challenge for the world's* most famous Flat race, on June 3.

The man in the middle of this dispute is French trainer Francois *Boutin, who insists on speaking his* native language to the US press, although he has quite adequate English. He has the last say according to the contract between the two partners.

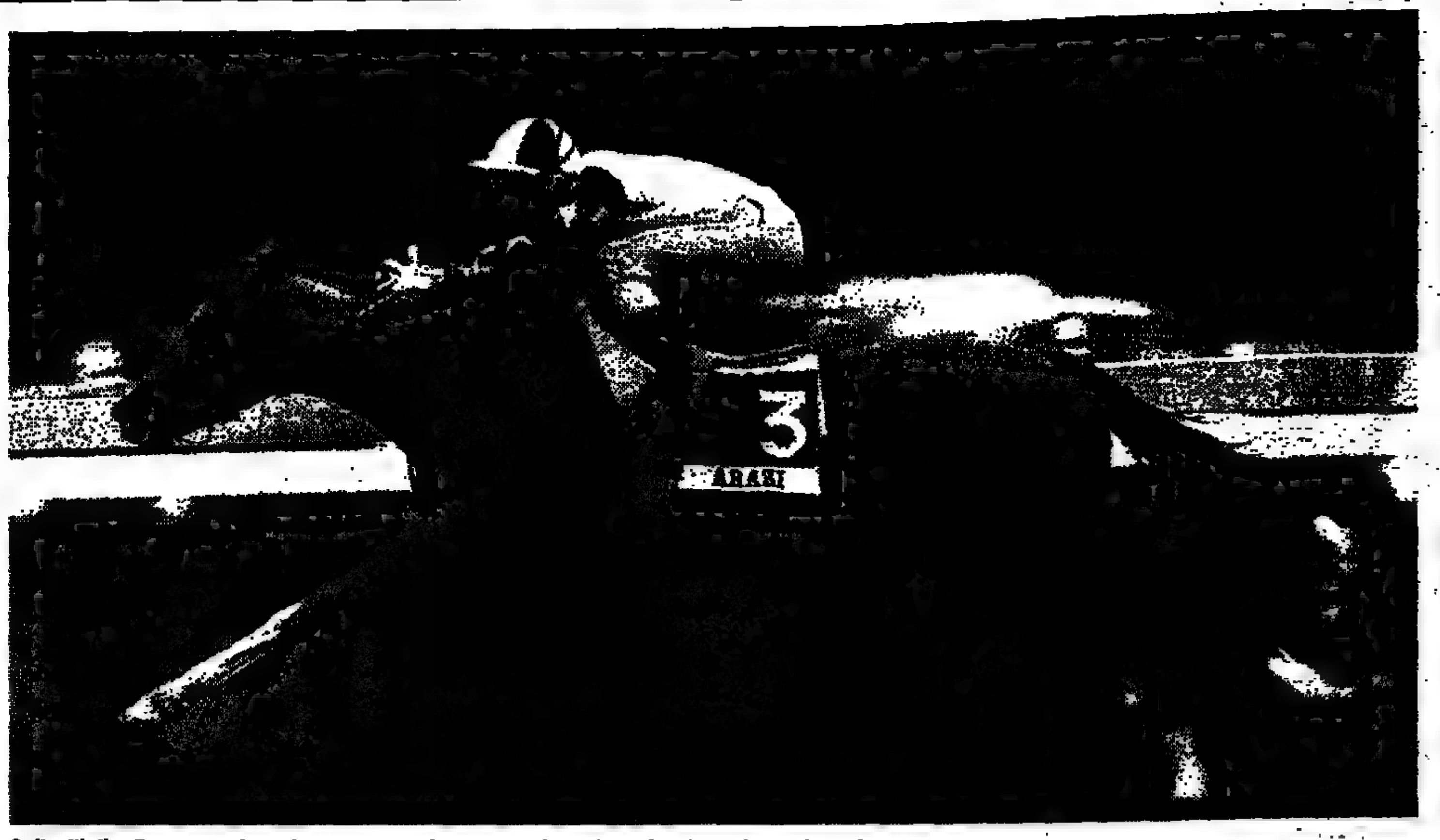
Paulson, 70, and Sheikh Mohammed, 42, are very different sorts. The former is an entrepreneur who started out as a 30 cents-an-hour aircraft mechanic and became a pilot before making his first fortune in the aircraft spares *market and going on to buy Gulf*stream Aerospace, which makes luxury corporate jets, for $52m in 1978.

Paulson turned Gulfstream *round, took it public in 1983 and* sold it to Chrysler for $636m in 1985. He remained chief executive and re-purchased the company when Chrysler ran into problems in 1990. Ironically, Chrysler sponsors the $5m Triple Crown Bonus for any horse that can win the Kentucky Derby, *Preakness and Belmont* in the same year.

Paulson's philosophy is to work harder than rivals, take opportunities when he can and not dwell on *mistakes. He is happy to be in the* public eye. His partner in Arazi, Sheikh Mohammed, who is always surrounded by advisers and friends, shies from attention.

They met at *Keeneland Sales* in the early 1980s when both vied to buy the best foals and yearlings on offer, happily spending millions of *dollars. Paulson,* who has splashed out about $150m on thoroughbreds and has 200 horses in training, says: "The sales are a bit like going to Las Vegas. It's a gamble and it's exciting. I like the whole atmosphere and I also like to be there when my money is being spent.

"When I first got into the horse business in the 1960s, I didn't have the money to do it right. When we had some success at Gulfstream, however, I decided the time was right."



Colt with the firepower: Arazi is expected to blow away the field in the Kentucky Derby today

The Maktoum brothers have spent nearly $400m at Keeneland's main sale (in July) since 1980, also buying privately and at other sales worldwide. They buy both horses and aircraft from Paulson.

Sheikh Mohammed, the third but dominant brother of Dubai's royal family, was educated largely in Britain and has never had money troubles. *He has more horses in* training worldwide – 608 – than anyone, and more than that again in his breeding operation, based mainly in Britain and Ireland.

Because of the prize money structure, US owners have a chance of making racing pay, something which is almost impossible in Britain, where *Sheikh Mohammed* has most of his horses in training.

Paulson regards racing as business-cum-enjoyable-hobby, whereas Sheik Mohammed, the defence min*ister of the UAE, prefers to see rac*ing as a sport.

The bloodstock market may have been in the doldrums for the last five years, but *Sheik Mohammed's* pursuit of excellence has not slackened. This is much to the relief of the Kentucky breeding industry, which has provided 89 of the 117 *Kentucky Derby winners and* was responsible for Arazi.

Both Arazi's owners have established huge brood mare bands, and soon will be hoping to breed another Arazi. *But horses* like Arazi emerge once in 20 – perhaps once in 50 – years, as today's great Kentucky race is likely to confirm.

Rugby/John Hopkins

Two clubs who have cracked their codes

THERE ARE not many days when I am torn between watching rugby union or rugby league but today is one of them. This after*noon I could see the two outstanding* teams at their respective codes in action a few miles from one another: Bath at Twickenham, where they will try to win the rugby union Pilkington Cup a week *after they wrapped up the league; and* Wigan at Wembley, where they will do the double if they defeat Castleford in the Silk Cut Challenge Cup, having already won the championship.

Bath and Wigan are 250 miles apart yet joined by their outstanding success in recent years at the two codes of the oval ball game. Bath have been the dominant union club in England since the election *before the election before last. This is* their seventh Cup final; they have won the previous six. They have won the league title three times.

Wigan have found success at rugby *league more recently. At the start of the* 1980s they were in division two and facing bankruptcy. Such is their transformation that if they win today it will be the third year in a row that they have collected both *of League's top prizes the Challenge Cup* and the Stones Bitter Championship: *indeed, it will be their fifth successive* Challenge Cup.

The success of Bath and Wigan is often attributed to players and officials. Invariably, however, there is one man who is *oiling the wheels, whose thinking sets the* patterns, who can be regarded as the moving force of the club.

At Bath it is Jack Rowell, the club's chief coach, who was recently appointed *coach of England's B squad. Rowell* commands respect from his players while retaining his distance from them. "An hour with him is worth five with anyone else," a supporter said. Why? "He talks *such good sense. He has one of the quick*est minds I have ever come across."

Rowell's work at Bath is in his free time, unpaid and voluntary. Rugby union is an amateur game but it has not stopped him *bringing the management techniques and* skill he employs as chief executive of *Golden Wonder Foods to the Recreation* Field. He works tirelessly with his players, improving their individual skills, making them more rounded players and thereby of more use to Bath, making them what Wig*an's chairman refers to as the complete* product.

Take Jim Fallon as an example. At Bath he has matured into one of the finest left wings in the country, fast and, at nearly 15 stone, *strong enough to barrel his way* past others. Victor Ubogu, the prop, is another who has been brought on. As for Ben Clarke, the No 8 who joined from Saracens, he may now be the best No 8 in *English rugby.*

Waiting in the wings are young men like John Mallett, the prop, and Audley Lumsden at full back. One of the reasons for Rowell's success as a businessman is his *success with people. He is a natural peda*gogue, a born teacher and in the past 15 *years at Bath he has* worked the oracle with successive captains, from Roger Spurrell to Simon Halliday and now Stuart Barnes.

The man behind Wigan's rise achieved *nothing as a player. For Maurice Lindsay,* Wigan was a cause he wanted to take up. He had the money following the sale of his bookmaking business and the club was ready for a dose of his cheerful common *and financial sense and commitment. Ring* Wigan in the early evening after the office staff have gone and it is likely to be Lindsay who answers the telephone.

He is running a multi-million pound *business. The players* earn an average of £90,000; the minimum is £45,000. Including bonuses, the players are expected to receive nearly £2m this season.

To meet this bill and other costs, an *income of £3m is needed. Norweb (the* North West Electricity Board) is the club's *main sponsor. Wigan were always* well-supported. Their average gate is more than 15,000, twice as many as any other League club except Leeds and an astonishing tribute to the fans and to the players. *Thus match receipts make a significant* contribution towards the annual running costs of the club, as do a nightclub, smaller sponsors and a shop selling associated products.

One of Lindsay's shrewdest decisions was to bring first the New Zealander Graham Lowe and now John Monie from Australia as coaches. These two men were at the cutting edge of the game in the Antipodes. *Their success with Wigan has tilted* the balance of power towards northern Europe. In the vocational aspect of his work, Monie echoes Rowell. "I try to educate players to the game, to understand *themselves and their team mates. I'd like* to think that when I leave here they should all know enough to go on and become coaches."

At Bath, Rowell has developed a blue*print that has withstood the scrutiny* and copying of coaching administrators at other clubs, such as Barry Corless at Northampton. "Orrell are a match for us in commitment, Northampton in the way *they have got the club organised,"* says Stuart Barnes, Bath's captain. "But at the moment and for the foreseeable future we have that ruthless edge in will and determination." There is no sign of this waning. *They have lost only two league matches* at home since the league's inception.

For that matter, Wigan are in no danger of losing their dominance in rugby league. Their crushing victory over Warrington *last Sunday was their 22nd victory* in a row. Thirteen of their players will tour Australasia with Great Britain this summer, the highest total ever from one club.

Wigan have swept every trophy except *for the Premier trophy, and they could win* that this year. The double was rare enough until they first did it two seasons ago. A treble would be unheard of, fantastic. But then Wigan are just that, fantastic. *Rugby Union could learn a lot from them.*

Motoring/Stuart Marshall

Ferrari: the ultimate executive toy

CAR MAKERS, keen to let motoring correspondents try *their* latest products well away from radars and flashing blue lights, often let them loose on private circuits.

It is lovely idea, but it sometimes ends with the makers shooting themselves in the foot.

A car may ride superbly and have courtly manners on the road. Driven unrealistically hard on a track it can feel blancmange soft, cart-horse clumsy and desperately unhappy.

Conversely, one that goes like a dream on a circuit might prove insufferable on a long journey because the tyres would thump and roar badly enough to put dental fillings at risk and make radio listening impossible. To all but fanatical enthusiasts, these things matter.

So what does a motoring journalist do? First, hope the new model is to launched in Germany, where much of the autobahn *is still free of speed* limits though a 130 kph (81 mph) maximum is recommended.

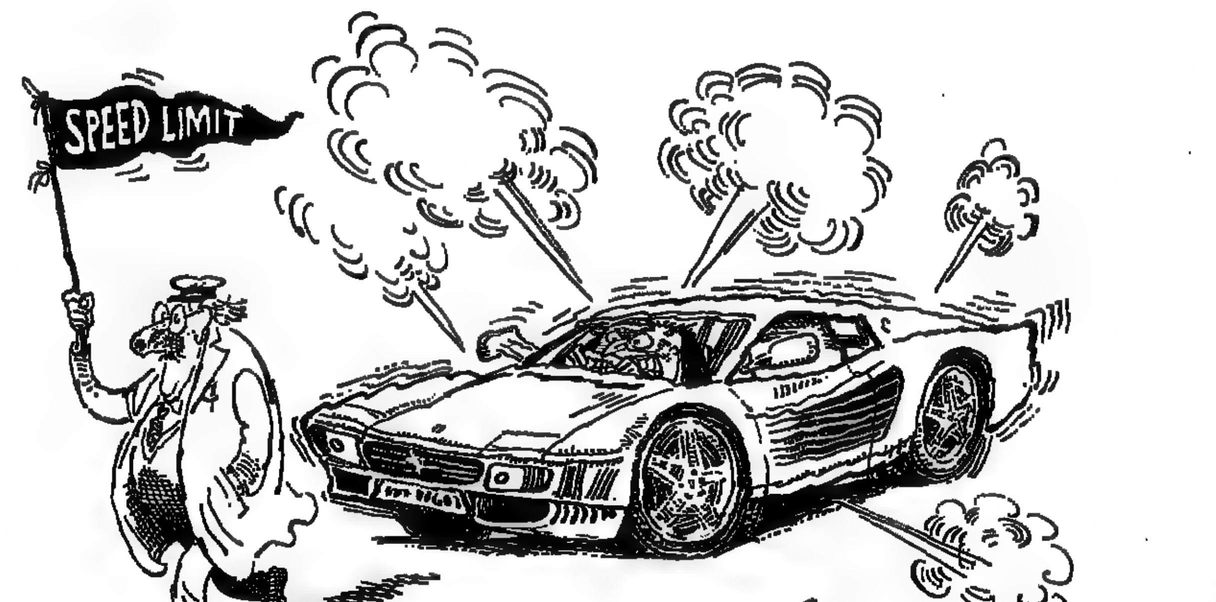
Another option, of course, is to enjoy, and then largely forget, a bash round a circuit.

A third is to break the law on *public roads in the service* of one's readers and hope for the best. This I consider no longer acceptable. I am not sure that it ever was acceptable, *although all of us did it when* roads were less crowded and penalty points had not been invented.

But there are exceptions to every rule. The car I sampled in Italy a couple of weeks ago was absolutely wonderful to drive on a private circuit because it was the only place one could possibly begin to appreciate its potential.

It was a Ferrari; the new 512 TR coupé developed from the Testarossa. It looked purposeful, even *intimidating. Rather* like one of those US spy aircraft that fly to the edge of space at twice the speed of sound. On the company's own test track I discovered at last what it was like to drive a Ferrari untroubled by conscience or inhibited by fear of getting caught.

While clearly a very close relative of the Testarossa, the 512 TR has been improved in every department. The 12-cylinder "boxer" (horizontally opposed) engine located behind the seats has been developed to deliver an awe-inspiring 422 horsepower at 6,750 rpm. Yet the clutch is surprisingly light *and the ride, on a smooth track* at any rate, far less harsh than a Testarossa's.



When you give the 512 TR its head and the tachometer needle *swings* round the dial, the acceleration is not just urgent but violent. The traditional *Ferrari exhaust note* – a cross between the bellowing of an enraged bull and the sound of a sail splitting – has been muted. Massive catalytic con*verters needed to make it* usable in places like the US and Switzerland are to blame.

At the end of the short straight I had to brake hard at about 125 mph (200 kph) for a series of right- and left-hand hand bends ranging from first or second gear *hairpins to* sweeping third-gear curves.

By comparison with Ferrari test driver Dario Benuzzi, who showed me how it should be done in an even *fiercer* Ferrari F40, I was driving the 512 TR quite gently. He left his braking later than I would have dared, peaking at 135 mph (217 *kph) on the straight. And he* powered his car through the bends far more quickly and smoothly than I could, steering as much with the throttle as by turning the wheel.

Even so, I was able for the first time to appreciate the *design and engineering excel*lence of a Ferrari.

Sadly, little of this is revealed on public roads. On the autobahn, I have driven Ferrari Boxer Berlinettas and Testarossas at over 160 mph (260kph). It was exciting, of course, but gave one little idea of the enormous reserves of *handling and roadholding* – though it did of the braking – so expensively built into these cars.

On normal roads full of traffic, I have reckoned Testarossa, which is more than 6 ft (197.6 cm) wide unpleasantly bulky *and been bothered by poor* all-round visibility from the driving seat. Unless one changed gear with great care, there was a slight crunch every time. *The lever still* works in a miniature version of the gate found in old Scammell lorries.

Before driving the 512 TR I *had a look round the nearby* Maranello factory. It was an education. I had imagined a cottage industry operation. But since Ferrari was taken over by Fiat four years ago, money by the bucketful has been spent on equipping it with the *world's finest machine tools* and new production facilities.

By any normal business standards, it cannot possibly be economic, because only *4,000 Ferraris are made each* year. This is partly to keep the market hungry. But if cars are produced to aerospace tolerances – which Ferraris are – *high volumes are neither possi*ble nor desirable.

Although control ultimately rests with its Fiat paymasters, Ferrari is left to run its own affairs. Gruppo Fiat clearly sees it as the brightest jewel in its crown. It hopes that its *mainstream products – the* Cinquecentos and Tempras, Lancia Dedras and Themas, Alfa Romeo 155s and 164s – will bask in Ferrari's reflected glory.

All of which begs a crucial *question. When one has bought* a Ferrari (prices from about £66,000 for a 3.4 litre V8 Mondial to over £200,000 for the F40, which is just going out of *production) what can one actu*ally do with it?

A scarlet Ferrari – the colour chosen by 90 per cent of buyers – stands out like a sore *thumb. On the rare occasions* one sees a Ferrari on a British motorway it is being driven sedately, mobbed by young sales reps in speeding Ford Escorts and Astra diesel *vans.*

The French autoroutes (130 kph or 81 mph limited) crawl with police. There was a shock for a Ferrari owner unwise enough *to drive seriously fast* on a Dutch motorway recently. He was mortified to discover the law allowed the court to confiscate his car, sell *it and* hand the proceeds to the government.

Ferrari people privately concede *that* most of their cars are bought as symbols by men (and very occasionally women) eager to demonstrate their machismo or financial status or both. *Rarely, if ever,* are they driven in a manner that exploits the qualities so lovingly and expensively built into them.

The only way they can legally be let off the leash is through organisations like Britain's 96 Club (11 Gloucester Road, London SW7 4PP). They rent racing circuits on which members can purge their motoring systems of frustra*tion in a glorious, pipe-opening* blast.

Ferrari recognises that the day may come when supercars like the 512 TR will no longer *be road legal. Even so, it plans* to replace the F40 with an even wilder dream machine and will launch a new model (not the F40 successor) at Paris *Show in October. Still more are* in the pipeline.

The youthful and charismatic president of Ferrari, Luca di Montezemolo, is confident demand for his cars will continue. "They are unique . . . and men desire them as they would a beautiful woman," he told me. And what if they cannot drive them on the road any more? "Then they will use them on a track. Our strategy will not change," he said.

I am sure he is right. But it does seem a shame that £130,000 worth of magnificent high speed machinery like a Ferrari 512 TR is really no *more than the ultimate execu*tive toy.

TRAVEL

Six-legged friends in Provence

Nicholas Haslam watches a tragic mating ceremony in the Vaucluse

WE MADE AN unlikely group, gathered on a limestone outcrop high in Provence: an insurance broker, a management consultant, a retired horticultural teacher, a nurse and an executive from a large frozen food company. But then, in addition to the Barbour jackets and sensibly dubbined walking boots, we did have one abiding interest in common. We were all curious about natural history and had signed up for a week's exploration of the vast array of natural habitats in the hills of the Vaucluse.

Our guide, Richard Vullliamy, was a Cornish expatriate who had moved to the region a few years before. Looking more like a Methodist lay preacher who should be striding rain-sodden moors to deliver fiery sermons in dank chapels, his enthusiasm for his chosen land knew no bounds.

As we stood gasping after a long climb over steep limestone cliffs, he pointed out the extraordinary wealth of habitats that we would be exploring over the coming week. Before us lay the high summit of Mount Ventoux, dusted by an uncharacteristically early fall of snow.

In the valleys below we could dimly hear the shouts of shirt-sleeved workers, toiling in the serried vineyards, getting in the grapes for the harvest of Côtes du Rhone. "At one glance", he said, you can see the entire range of habitats in Europe, from the Arctic through to the Mediterranean".

Over the next week we left no stone unturned as we pried into the secrets of the natural history of the area. With binoculars and magnifying glasses poised, we checked deep rocky crannies and scanned the high hill tops.

With so much to see, each day's walk was given over to a different theme or species. On the second day, for example, insects were our main target. In autumn, the hillsides were alive with shameless fecundity as hordes of six-legged creatures had a last fling before the frosts.

Equally shamelessly, we gathered around a pair of mating mantises, and watched the smaller male meet his end *in flagrante delicto*: the female started eating him before he was halfway. "They are," said Richard, "totally indiscriminate in their prey. If anything that looks remotely edible, then it gets eaten."

Day three found us clambering up a steep gorge alongside a clear running river. In the heat of summer the Ouveze, on its way to join the Rhone, is a popular spot for campers and tourists. Now, in autumn, the camps were deserted, the river banks uncluttered.

We were on the look out for *Castor fiber*, more commonly known as the European beaver. I had thought the beaver long extinct in Europe, but pockets still survive in France and in fact are being reintroduced "They are very shy animals," hissed Richard as we crept through willow thickets in hope of glimpsing the creature, or hearing the hard crack of its tail on water.

We saw no animal, unfortunately, but found plenty of traces of their activities. In one clearing by the river the willows had been felled systematically, and a large poplar lay forlornly on its side, surrounded by fresh chippings and with the trunk grooved by the beaver's enormous incisors.

Janet, a former nurse, came across some bones in the path by the river. She paled, and held them to Richard for close examination. "The only bones I've seen like this before," she said, "came from a human hand." There was a general intake of breath, clearly audible over the sound of the river. Richard gave them a cursory glance. "The hind leg of a beaver," he ruled. We breathed again, but Janet carefully buried the bones and did not look too convinced.

In the evenings, we returned to a *gîte d'étape*, a converted farmhouse owned by a Provencal chef. As dusk fell over the mountains behind us, we sat in the courtyard sipping *pastis* and poring over insect and plant books, discussing and identifying the puzzles of the day.

'As dusk fell over the mountains behind us, we sat in the courtyard sipping pastis and poring over insect and plant books'

Around us, other walkers looked on in amazement as heated discussions about the genus of a particular plant filled the air, with complex Latin names bandied about with alarming fluency. One French walker tipped me a wink and then stage-whispered to his companion: *"Mais vraiment ils sont fous, ces anglais"*.

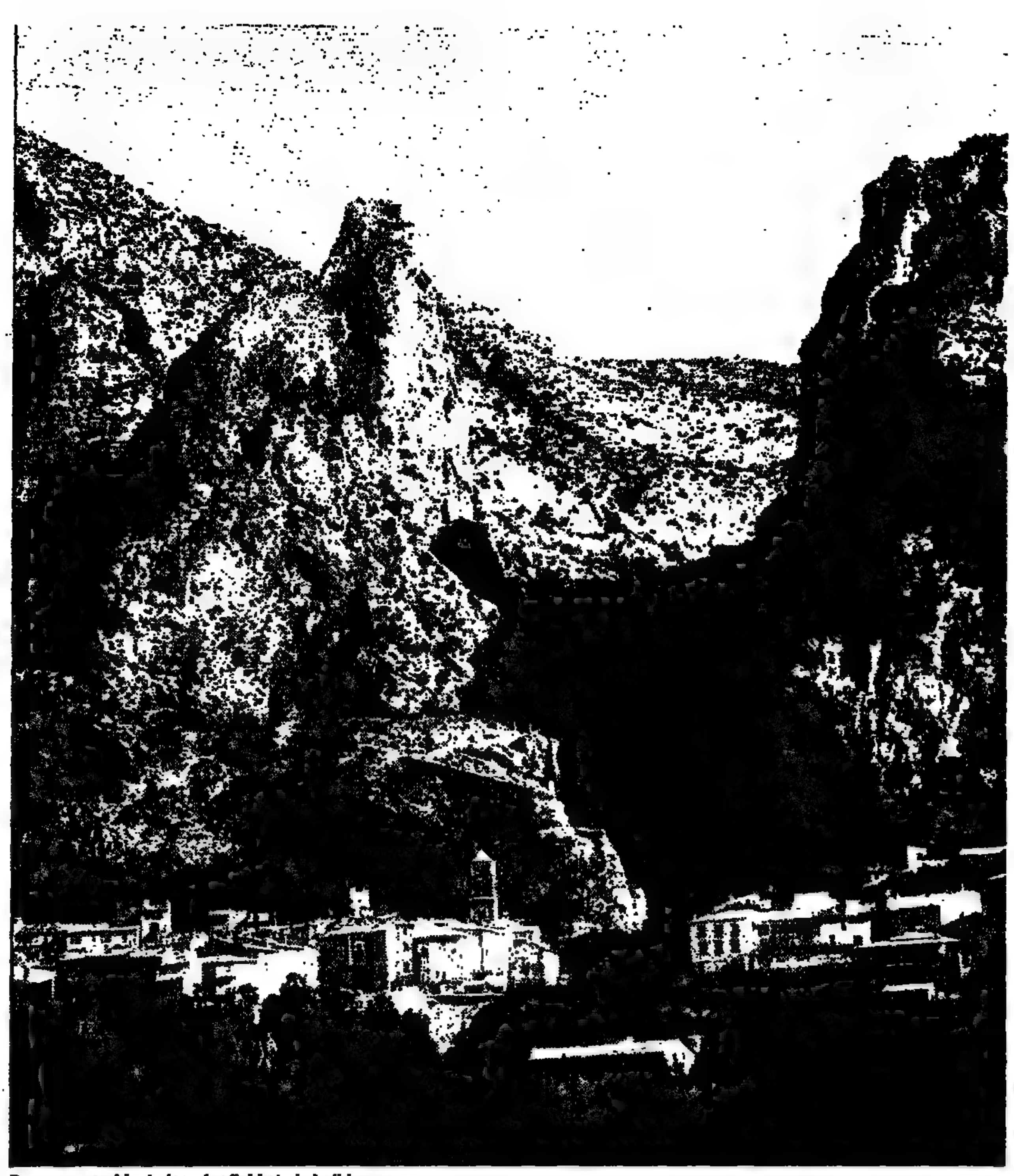
Unwittingly, the following day, we trespassed onto another French preserve. The autumn woods of Provence provide a much-prized addition to the French table, edible fungi, and the whereabouts of the yellow trumpet-shaped chanterelle, a mushroom that commands a high price in local markets, are a closely guarded secret.

We were looking for another species altogether when we found a rich crop of chanterelles spread across the floor of a copse. We picked a few for the evening meal, and then walked on, passing not far away an old French farmer who looked with dismay at the plastic bags we carried, and who strode past with a surly *"bonsoir."* Looking back, we saw him fall upon the mushrooms; when we passed him again later in the afternoon, his rucksack bulged.

Perhaps the week's high spot was our visit to the Camargue. Only 60 miles south of our base, the Camargue offers a vast number of lagoons and marshes in the delta of the Rhone. At that time of year the sky was alive with Africa-bound birds. In just a few hours we spotted more species than I had ever seen in years of casual bird watching in Britain. From the privacy of a hide we saw kingfishers swoop down and egrets and herons patrol the water's edge. Flamingoes in their hundreds sifted through the muddy waters further out in the lagoons, and long skeins of geese circled after their long flight from the north.

A certain sadness hung over us all. Unlike the birds, we could not give way to instinct. That evening we would be leaving the hills of Provence and heading north, to grey England and its winter.

■ *Nicholas Haslam travelled to Marseilles c/o British Airways. Fares start at £177 return. His week was organised by Provencal Field Study Holidays of 2 Rose Cottage, Luckett, Nr Callington, Cornwall (tel: 0579-370411), which organises tours in May, June, September, October and November. Cost, including accommodation, full board and rail transport from Victoria to Avignon, starts at £430, with an optional surcharge for air travel.*



Provence: an ideal place for field study holidays

Formula based on esprit

I DISCOVERED Inntravel seven years ago, soon after it began operating, by joining a cross-country skiing weekend in the Swiss village of Kandersteg. In its early days, Inntravel advertised in slim black-and-white leaflets offering skiing and not much else.

Now its brochures are large, colourful and plump with suggestions for those seeking weekends or short breaks in France, Switzerland, Italy and Norway.

Inntravel is owned by Richard Hearn and his wife, Linda. Hearn used to work for Wallace Arnold, where he had already recognised a demand for short-break holidays when he decided to set up on his own. He began with Winterinn in 1984, after taking six months off to study business management on a government-aided scheme at Durham University.

He and his wife decided to make their base in Helmsley, near York, and gradually established a loyal clientele, many of whom re-book each year. They started with 500 bookings. Last year it was about 9,000. "The average age of the Inntravel holidaymaker is 45 and upwards", says Hearn. "They are usually people who were sporty in their youth but who haven't done a lot since. Even so, they like the idea of trying something new. They also want a holiday which is tailored to their needs and don't want to be part of a large group."

Some five years ago, when I first went to Kandersteg, the story was rather different. Since then, Inntravel has moved slowly up-market. Today's customers are older and richer. They insist on value for money.

Linda Hearn is a young, blue-eyed blonde who looks after three small children when she isn't dashing about Europe discovering yet another "characterful" hotel or "authentic" village. Richard Hearn is small and slight and sets out his business aims with a mix of realism and high hopes.

"At present, four of us do the travelling and we work from one year to the next without five- or even three-year plans," says Hearn. "I still wake up and panic each morning. It will probably be a bad day when I don't but we are incredibly lucky with the hoteliers we work with. They are so enthusiastic."

It is this enthusiasm which links Inntravel to many of the inns and family hotels it has come to consider its own. High on a hillside at Les Alisiers, in Alsace, Ella and Jacques Degouy mirror the Hearns in age and ambition. Jacques used to work for a pharmaceutical company in Paris until deciding to start a small hotel near the village where his wife was born.

Jacques likes to entertain his friends in his own restaurant as well as work there and is dangerously generous to visitors. Ella, his wife, is shy and practical. It was Ella who decided to reduce the number of hotel rooms to a handful, improving and enlarging a few, releasing time to concentrate on the restaurant. It was also Ella who trained the young chef and it is Ella who cooks on Sundays and takes the orders every evening while keeping an eye on the student waitresses.

The rooms at Les Alisiers, like many other Inntravel hotels, are clean, comfortable and uninspiring. The food on the restaurant's set menu is wholesome rather than interesting. But the atmosphere is friendly, the staff helpful and everyone extremely pleasant. It is this *esprit* which makes Inntravel, and the small hotels it discovers, so successful.

■ Inntravel's Inn-Active Summer '92 brochure, to October 31, offers flexible holidays in France, Italy, Norway and Switzerland for those who want to travel on foot, by horse or bike. In addition, there are wine-tasting, sailing, painting and self-drive holidays. There is also a Portfolio brochure (to October 31), of fishermen's cottages, alpine farmhouses, family hotels, etc. Inntravel: The Old Station, Helmsley, York YO6 5BZ, tel: 0439-71111, fax: 0439-71070.

Nicky Smith

Tricky thoughts aloft

Kevin Rafferty wonders about airline safety procedures

AIRCRAFT crashes in which passengers survived, plus news that last year passenger deaths in air crashes rose, ought to have promoted new consciousness about air safety. But they do not seem to have done.

The annual "beauty contests" which ask newspaper and magazine readers or experts to rank airlines all relate to frills and fripperies — what sort of champagne the airline serves, how plastic the food is, whether luggage arrives safely, how wide the seats are. No-one seems to rank airlines by their safety procedures. Why?

Is it fear of libel — fear that if you accuse an airline of neglecting proper safety procedures you might be sued, whereas if you accuse it of serving only IATA regulation cucumber sandwiches no-one bothers? Or is it fear of tempting fate — that if you point out that Qantas, for example, has never had a passenger fatality in all its years of flying, even that exemplary airline will not thank you?

Since the Lockerbie bombing of a Pan Am 747 aircraft, airlines and airports have generally tightened their safety procedures. It is standard on both sides of the Atlantic to X-ray all luggage, whether stowed in the hold or hand-carried.

But in Britain and the US it often seems to me that security operators are suffering from terminal boredom and are not as alert as, say, those at Hong Kong's Kai Tak or Singapore's Changi airports, who use twin multicoloured screens. The prize, if such it can be called, for the sloppiest procedures goes to Indian airports.

In spite of demanding check-in three hours before departure, India's X-ray screens are frequently fuzzy and operators more meticulous in ensuring that baggage and boarding cards have a proper stamp than in conducting effective checks.

At New Delhi last year, a disaffected catering worker was able to plant an incendiary device which was only discovered by accident.

No airline matches El Al's thoroughness either in screening passengers and their luggage or in securing the aircraft itself. Typically, airlines excuse themselves by saying that passengers would not put up with the time that El Al takes — but I would rather be subjected to El Al's professionalism than put up with the perfunctory, always offhand and frequently rude questioning of British Airways or Air Canada.

A more tricky aspect is how well-maintained the aircraft is. It is not easy for a layman, even a frequent traveller, to satisfy himself that the aircraft hasn't got metal fatigue or has been checked for cracks in the engine.

Equally tricky is whether the pilots know what they are up to. It is not exactly confidence-inspiring to hear that airports have installed breathalysers to check whether pilots are drunk before going on duty.

My acid test is to ask airline captains to which airlines they would entrust their wives and children. The consensus is that Qantas, Swissair, Lufthansa and Cathay Pacific come through with flying colours.

An Iraqi airforce major told me years ago that Scottish-trained pilots were the best in the world "because when you are up there, you have to keep your wits about you at all times since you never know what kind of weather is going to hit you — windsheer, nastily packaged clouds, it's all so unpredictable over Scotland."

These days there is the complication of whether the captain can cope with the aircraft computer. One old-time former Royal Air Force pilot said: "I pride myself that I am like a bus driver who is in tune with his craft and can recognise the engine pitch and whether the aircraft feels alright. But I do feel a bit adrift when I have to give instructions through the computer since I have no computer qualifications. Colleagues have told of hairy moments when the computer went off into its own world and refused to accept instructions."

The same captain was able to land his 747-400 safely at Heathrow in near-zero visibility because the RAF had taught him to fly on his instruments alone.

The most obvious safety checks are those in the passenger cabin, yet many of the most lauded beauty competition winners do not take them seriously.

Most US airlines are very good, ensuring that luggage does not block exits or aisles. British Airways is conscientious in checking luggage and reassuringly repeats its video insisting that passengers smoke only when seated in a designated smoking area before and after take-off.

My prize for the airline most meticulous in checking on-board safety goes to Virgin Atlantic. Crew-members peer at every seat row to make sure hand luggage is actually under the seat or in the overhead locker. Overhead bins have been fitted with netting to ensure that luggage won't fall out even if the locker bursts open. Virgin crews get 3.5 days of emergency refresher training each year, more than many other airlines. Disappointingly, the same thoroughness does not apply to the Asian carriers which every year walk away with airline awards. Singapore Airlines, Thai International and, worst of all, Cathay Pacific, regularly do only the most routine checks, and do them inadequately.

It is common on Cathay and Singapore Airlines for passengers to stand and smoke at the rear of the aircraft, often leaning on the emergency door as they chat and drink. In Cathay's case, one reason for this behaviour is that the airline puts its youngest and most inexperienced crew at the back of the aircraft, girls who may be pretty but are scared to tell a full load of passengers to obey basic safety rules.

As a hardened European steward travelling as a passenger on an Asian airline observed disdainfully: "They may be pretty girls, but how will they cope in an emergency?"

Tanked up on free liquor, perhaps we never think an emergency will happen, or, if it does, that there is anything that can be done except pray. Yet we have seen recently that it is possible to crash and break an aircraft without losing a single passenger — which ought to make us think.

■ *Kevin Rafferty flew 400,000 kilometres last year to every continent except Antarctica.*

An oil sketch of "The Flight into Egypt" by Daniele Crespi (1597-1630) exhibited by Trinity Fine Art at the Milan Fair

Youth and beauty prepare for the new season

***Susan Moore** on Italy's top art and antique fairs*

TWO IMPORTANT international art and antique fairs take place in Italy. One, in Florence, is staged in the 15th century Palazzo Strozzi, its interior extravagantly garlanded with flowers and studded with potted trees, its gala opening, which hails the start of the autumn season, a crush of long titles and short skirts.

The younger Milan Internazionale dell'Antiquariato, a biennial event and staged in alternate years with the Palazzo Strozzi fair, takes place in the less glamorous Halls 19 and 20 of the Milan Fair Ground.

"The venue may not be so beautiful," says Franco Sabatelli, president of the Italian Federation of Art Dealers (FIMA) "but it lends itself much better to an art fair." More important, it is at the heart of the commercial centre of the wealthiest region of Italy, and one of the richest in Europe.

This year sees the 11th Milan fair (on until May 10), organised by EXPO CTS in collaboration with the Milan Chamber of Commerce and the under the auspices of FIMA and the local society of art dealers. While last September's Palazzo Strozzi fair squeezed 80 or so dealers into its labyrinthine Renaissance interior, Milan is host to some 130, and offers spacious stands. Sabatelli is not alone in believing that the quality of exhibits will be higher than in Florence – and indeed greater than two years ago.

There are, however, a number of Italian dealers who also believe that the quality of dealer, as much as exhibit, is too uneven – a polite way of saying that too many participants are simply not up to scratch. A few have registered their dissatisfaction with the vetting procedure – always a vexed issue at Italian art fairs – by deciding not to exhibit this year.

Noticeable at this year's event, and last year's Palazzo Strozzi fair, is the growing internationalisation. From Antwerp, for instance, comes the illustrious Bernard Blondeel; Galerie St Honoré comes from Paris; Lingenauber from Düsseldorf; Elvira from Madrid; Bruno Scardeoni from Lugano and Newhouse from New York. Most of the outsiders come from Britain: Ciancimino, S. Franses, Sarti, Bernard Shapero Rare Books and Trinity Fine Art. That said, the fair remains essentially an Italian event. Like all Italian fairs, no more than 15 per cent of exhibitors are non-Italian.

While the increased foreign participation is not universally popular – in the same way that the foreign quota at Grosvenor House displeases some of the British trade – foreign dealers bring the advantages of new blood and fresh goods to the restricted home market. So many of Italy's 70 or so regional fairs simply show the same deck of objects constantly reshuffled.

> *'Increased foreign participation is not universally popular in Italy. But foreign dealers bring new blood and fresh goods to the market'*

Moreover, it is a means of strengthening the selection of Old Master paintings on show, inevitably the weakest part of any Italian antiques fair. The fear of important pictures being "notified" by the state, which would prevent them from being legally exported, discourages dealers from reproducing them in catalogues or taking them to fairs. Milan and its newly prosperous hinterland no doubt also account for the predominance at the fair of decorative and not too demanding pictures, and of expensive Lombard furniture.

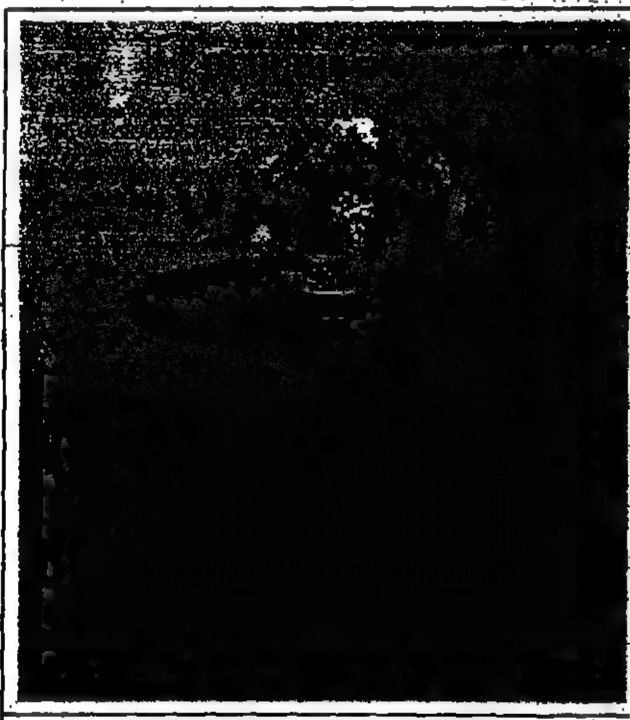
This wide-ranging fair also embraces silver and jewellery, Oriental and tribal art, ceramics and glass, 19th century painting, the 20th century, sculpture and objets d'art, and carpets, tapestries and textiles. A number of dealers are taking particular trouble this year, perhaps because Italian collectors are at last beginning to feel the effects of world recession or are alarmed to realise that they are among the few still actively buying works of art.

Individual stands reflect the range of most dealers in Italy where specialisation is relatively unusual. That diversity characterises the stands of a number of the foreign exhibitors, too. Trinity Fine Art, for instance, which has offices in London and Milan but its two directors in Rome and Paris, offers a wide selection of paintings, from a gold ground altarpiece by Cosimo Rosselli to a lively *bozetto* by Valerio Castello, some 30 Old Master drawings, an Algardi bronze, Roman silver by Antonio Arrighi, plus terracottas and maiolica.

Sarti is there for the first time to show that the company sells far more than just furniture or Italian works of art. Its 48 sq m space is filled with 15th and 16th century Italian paintings, plus the likes of a Russian malachite candelabrum, a Spanish marble *tempieto* table centre, as well as furniture, French, Dutch, Irish and Italian. While Scardeoni brings Garofalo and Mola, the French and German dealers field Northern masters.

A particular strength of the fair is its textiles, with Blondeel and S. Franses joining the ranks of F. Illossi, Halevim and Eskenazi. For some reason, northern Italy boasts a disproportionate number of the world's top carpet dealers. Even here there is diversification. Blondeel, for example, also brings Limoges enamels; Eskenazi, alongside a group of rare 18th century Eastern Turkistan rugs and classical 16th century carpets, Chinese Tang Dynasty figures and 17th century Japanese sculpture.

In 1990, the Milan fair brought in some 40,000 visitors, and more are expected this year. Added attractions are a series of lectures on collecting, with contributions from such respected art historians as Alvar Gonzalez-Palacios and Alfonso Perez Sanchez, and guided tours (some in English) on specific aspects of collecting. The fair exhibition documents the recent restoration of the 13th century frescoes in the Capitolino of Sant'Ambrogio in Milan which was sponsored by FIMA. The restored frescoes will be unveiled on May 6.



Colnaghi returns to its Gallic roots

***Nicholas Powell** reports on a new venture by the famous fine art dealer*

NEXT WEEK, ten years after opening its New York operation, the London fine art dealer Colnaghi is opening premises in Paris in an effort to prise apart the strangely undeveloped French market in Old Master paintings.

The company, starting off in a small ground floor and basement room next door to the Hotel Bristol, is in the middle of the Rue du Faubourg Saint Honoré and could not be better placed. The street may have nothing like the concentration of picture dealers found near London's Old Bond Street but Colnaghi is next door to leading furniture dealers Didier Aaron and Jean-Marie Rossi, within a few yards of the offices of Sotheby's and Phillip's, and within walking distance of Christie's.

Italian emigre Paul Colnaghi founded his firm 200 years ago – a few hundred yards due east on the same street, as it happens – selling scientific instruments and books in a shop called the "Cabinet de Physique Expérimentale". The French Revolution forced him to move to London.

The director of the new gallery is Hungarian-born Christof Lázár, who worked as an investment and merchant banker before becoming the only non-Briton to join Colnaghi, nearly three years ago. Since then he has worked out of his flat next to the Bristol, testing the French market to see if it was suitable. When the Faubourg Saint Honoré premises became vacant, Colnaghi seized the opportunity.

"The fact we are opening does not mean the market is good. It's an experiment to begin with. We are starting it in a modest way and will go on to set up as a French company if it proves worthwhile. I'm not so sure we would have looked for a place on somewhere like Quai Voltaire, for example. But we would have been mad not to take these premises," Lázár said.

In this minimum-cost operation, Lazar will have only one French employee working with him. He will have to consult the Colnaghi Library in New York and all restoration and framing will be carried out in the firm's workshops in New York and London. Lazar will look after a modest stock of 30 paintings in the ground floor room and a dozen or so drawings in the basement. Although French collectors buy mainly French works, Colnaghi's choice will mirror the range it sells elsewhere and comprises only about one third of French artists along with more difficult to sell Italian and religious subjects.

Lázár says he intends to get into the French market by getting French clients to know Colnaghi better, while also exploring both the Latin American clientele that passes through Paris, and Europeans.

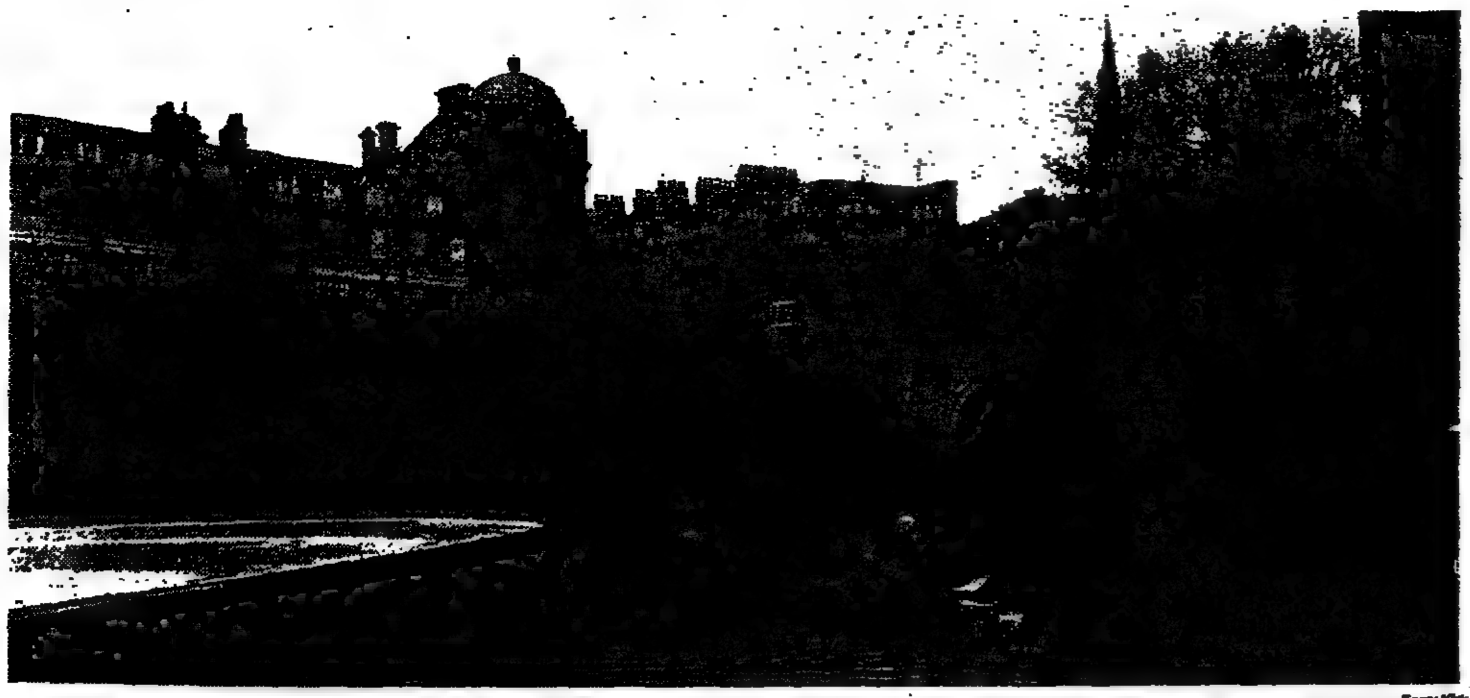
Despite all its high-powered dealers in furniture and art objects, Paris has never had Old Master galleries as important as Colnaghi. Galerie Marcus, established in 1937 near the Drouot salerooms, has a large stock of charming but not quite top quality 17th to 18th century works, much appreciated by private collectors and museum curators. Other, formerly very active, family firms like North European specialists Leegenhoek on the Quai Voltaire and French 18th century dealers Galerie Cailleux, however, have been hit hard in their ability to buy at the high prices Old Masters command on the international market.

Unlike London or New York, Paris has no organised auction season of Old Master paintings and dealers themselves are inconveniently scattered around town. But the city has potential. Eric Turquin, who has worked as an auction house expert in Old Master paintings in Paris, set up his own gallery in 1989. Bruno Meissner, the highly reputed Old Masters dealer from Zurich, opened a showroom in the city in autumn 1990, when Dutch-born Bob Haboldt, a former director of Colnaghi New York, also chose to set up an independent business on the Fauborg Saint Honoré.

"I was looking for a central base in Europe with easy access to countries which have clients, rather than be isolated in London. To run a successful Old Masters business nowadays you need to be able to buy as well as sell and France remains one of the great sources for paintings. A lot of material in the UK is very well known, especially to the auctioneers, who generally get in there first. But here there are unknown works in people's sitting rooms, misattributed or not attributed at all," Haboldt said.

Lázár senses similar opportunities. "We hope to find paintings privately and not just go through auction houses. A lot of great pictures have come from France and you still have people here who are unaware they have something of great value on their walls. And you can make more discoveries in Drouot salerooms than you ever could at Sotheby's or Christie's. In the meantime, we are getting warm support from competitors, who are very happy to see an old-established firm with an international reputation coming to Paris."

PROPERTY



Essence of Bath: the Georgian splendour around Pulteney Bridge on the river Avon Terry Kirk

Bath houses updated

***Michael Hanson** returns to one of England's most elegant cities*

I LIVED in Bath 32 years ago, and I am always pleased to return to this graceful Georgian city to see how it is faring at the hands of the developers and the preservationists.

The developers got their way for too long in the 1960s and 1970s, with the connivance of the city and county councils. In recent years conservationists have been in the ascendancy.

Today, Bath is bustling. The city of Beau Brummel is looking elegant again: most of its stone buildings have been cleaned of their two centuries of smoke and grime. But there is still much to do. Debenham Tewson & Chinnocks, a London agent, is seeking a buyer for the Empire Hotel, that grand Edwardian building overlooking Pulteney Bridge and the weir. Bath city council is offering it for sale on a 125-year lease with planning permission for its restoration as a 100-bedroom hotel. The city needs it.

Bath is still a civilised place in which to live, and eminently commutable now that British Rail's inter-city service takes only 81 minutes to Paddington. That people still want to live in elegant surroundings is shown by the experience of Johnson Fairchild, a local firm of property developers going from strength to strength over the past five years, despite the recession.

"We are a small company doing quality work, and I don't think the recession has made much difference to the market for quality," says Brian Fairchild. "We tackle two or three sizable projects a year and, to be honest, the margins are better now than they were."

The company's latest project is the restoration of two 18th century houses in Great Pulteney Street, on the other side of Pulteney Bridge. The shops on either side remind one of how medieval London Bridge used to look.

Since the Second World War, these two houses had been converted into 12 rented flats, part of a portfolio of properties in Bath owned by a private family company. With the help of Angela Crofts, a local architect, building surveyor Alan Hardiman, and specialist builder G J Gilbert, Fairchild Johnson restored these Grade I listed houses to their 1792 standard of elegance – when Great Pulteney Street was one of the most fashionable streets in England.

Angela Crofts says: "Over the years, these fine but neglected Georgian houses had fallen into a sad state of disrepair. The street facade had been cleaned and restored but, internally, previous multi-occupancy meant that most of the original rooms were subdivided. There were numerous old-fashioned kitchens, bathrooms and toilets, some on half landings or in decrepit extensions to the rear."

All the architectural details have been restored or replaced. This being 1992, not 1792, refinements such as central heating, modern kitchens and bathrooms, service lifts and security systems have also been installed.

The result is two fine buildings. One is a whole house of some 7,000 sq ft, with three principal bedrooms and bathrooms; a two-bedroom staff or nursery flat on the top floor; three spacious reception rooms; a whole floor with kitchen, breakfast room, dayroom, and utility room; and another floor with a whirlpool bath, fitness room and conservatory, opening on to a garden. At the end of the garden there is parking for two cars. Offers of £750,000 are being sought for this house by the Bath office of Savills and local agents Cobb Farr.

Next door, Johnson Fairchild has converted the house into two maisonettes: four-bedroom apartments, each for sale at £375,000. One is already under offer at the full asking price. In the centre of the terrace, with a tall round-headed window in the drawing room, this is the more elegant of the two houses, but it was easier to convert than its neighbour, and the developers did not feel the market was yet ripe for two whole houses.

"Bath is a very small town with a very tight market," explains Brian Fairchild. "We have lived here all our lives, and we know the right streets – and the right side of those streets in which to buy property."

Until five years ago Brian Fairchild was a garage proprietor in Bath. He sold his business at the top of the boom, and joined forces with Keith Johnson, a former restaurateur. The third director of Johnson Fairchild plc, Brett Halling-Brown, is an accountant who has been a tax consultant for the past 15 years. On the strength of this and their previous successful projects in Lansdowne Place West, Cavendish Place and elsewhere in the city, they can now fairly claim to be professional developers.

Opportunity knocks across the Channel

Audrey Powell on the post-UK election market for French properties

YOU NAME it, and someone, somewhere in France, wants to sell it to you. The range of properties is as wide as the spread of prices in a country which must offer some of the cheapest and most expensive homes in Europe. It also provides some interesting opportunities.

Has the British election cleared the air and brought cross-Channel buyers back in force? Many estate agents say it has not; exceptions are at the extreme ends of the market.

One agency, which had been getting remarkably few calls about middle-priced properties, advertised a £3m villa at Vence and inquiries came in right away. Conversely, an agency offering what it frankly says is "little more than a pile of stones" from £7,000 has had a very busy phase. But further delay on the Channel tunnel – now not to open until late summer 1993 – may have made the urge to comb the Channel coast for last-gasp bargains seem less urgent.

If you want rock-bottom prices, Normandy & Brittany Cottages, a London agency, will arrange for you to visit one of its associates in northern France, which might have something in at a four-figure sterling price. Those prices, like some wines, do not travel. The agency, which says that its French properties are more in demand than most, admits that it is the cheapest that attract most attention.

From its lists Normandy and Brittany Cottages (071-381-4433) picks a farmhouse at £15,000. This has a kitchen/dining room with beamed ceiling and an ancient galleried adjoining barn that would make an "atmospheric" living room. The upper floor of the house could become two bedrooms and a bathroom. There is a courtyard, garden and an open barn.

About £16,000 would buy a terrace cottage in a secluded hamlet. There is a living room, kitchen, ground floor bedroom and shower room. The attic has been partly converted to make two rooms. A large farmhouse with adjoining barn that could be turned into a total of three properties costs £19,500. An orchard would probably come with it.

If you plan a major restoration, and that sort of work is not your normal one, are you sure you can cope? Half-completed conversions are a market in themselves. Nicholas Masters, a Briton settled 40 miles from Toulouse in a large old house in farmland, has plenty of experience of renovating property. He is well aware of the difference between visualising and actually doing such work, and now runs a small business helping others to realise their dreams.

Those unversed in the skills of renovation can spend a week at his property to practice such arts as rendering, tiling and plumbing. People who would like to see if they can render a wall, tile a floor or handle plumbing can go along and see what they make of working on a French building. Craftsmen will advise them, show them the tools to use and the techniques required. It is not an easy week, warns Masters, but it is rewarding. Working clothes and warm sweaters are essential. The £150 he charges for a work-experience week with full board might be worth every penny, if it saves you going any further with such a project. For masochists, the number for more information is 0634-250473.

Should you hanker for an old property, but not the renovation work, Domus Abroad, a London agency is carving a niche for itself by offering units in period properties which various keen young British developers are dividing. Jeremy Harris and Ben Burke, combining architectural and interior design experience, are about to turn an 18th century stately home north of Perigueux, in the Dordogne, into 20 apartments which will sell from £72,000 to £97,000. There are 12 acres of grounds, with river frontage, and there will be tennis and boules courts and a swimming pool. Early buyers can have their apartments tailored to suit their needs. There are bank guarantees and a ten-year building warranty. Details from Domus Abroad (071-409-0571).

Numerous châteaux, some elegant, some forbidding, regularly turn up on agents' books, with creative if impractical suggestions for their use. Vineyards, too, are a prolific crop. An example includes farmhouse and picker's cottage, 16 acres of grapes and 50 acres of farmland for £160,000 (0892-852449).

Money? Just slip into any office of the Woolwich building society in the UK or its estate agent, Woolwich Property Services, for details of its mortgage arrangements for property in France. Your inquiry will go straight to Banque Woolwich in Paris.

How about grants? The French Government Tourist Office in London might be able to help: write to its Leisure Investment Department, at 178 Piccadilly W1V OAL. Benefits would, of course, be linked to properties or developments providing tourist accommodation.

A section of the northern French coastline, running for 65 miles mostly south from the Channel tunnel opening, is still ripe for leisure projects. Diana Madoux (who is English) of the *Comité Departmental de Tourisme*, Pas-de-Calais (21.83.32.59), says that for small-scale investors the main area of interest is probably in the purchase of farm buildings and country cottages for improvement and subsequent rental. She cites schemes where *Gîtes de France*, the French government-sponsored agency, has – subject to conditions – given grants to British applicants.

Perhaps you just want something new to walk into, for your own use. Not all French housing developments suit British tastes, but those adjoining golf courses are usually geared to the international market.

Pont Royal, near Aix-en-Provence, plans to open its Seve Ballesteros-designed course in June, with the official opening in September. A cluster of show homes is completed and furnished for inspection, and work is in hand on more of the planned 850 properties. The project is in a pretty, rural setting, half an hour from Marseilles airport. Prices are from £72,000 for apartments to £295,000 for a four-bedroom, four-bathroom villa. L & M Project Management, joint developers with Resort Group, says the scheme is "making good progress in a very tough market". (Tel: 081-332-0033.)

An hour from Marseilles, along the coast near Bandol, is Golf de Fregate, where the 18-hole Ronald Fream-designed clifftop course will be playable from July. One of the development's two 60-unit "villages" of local-style villas and apartments has show properties ready and should be completed by the end of the summer. Agent Hamptons (071-[illegible]).

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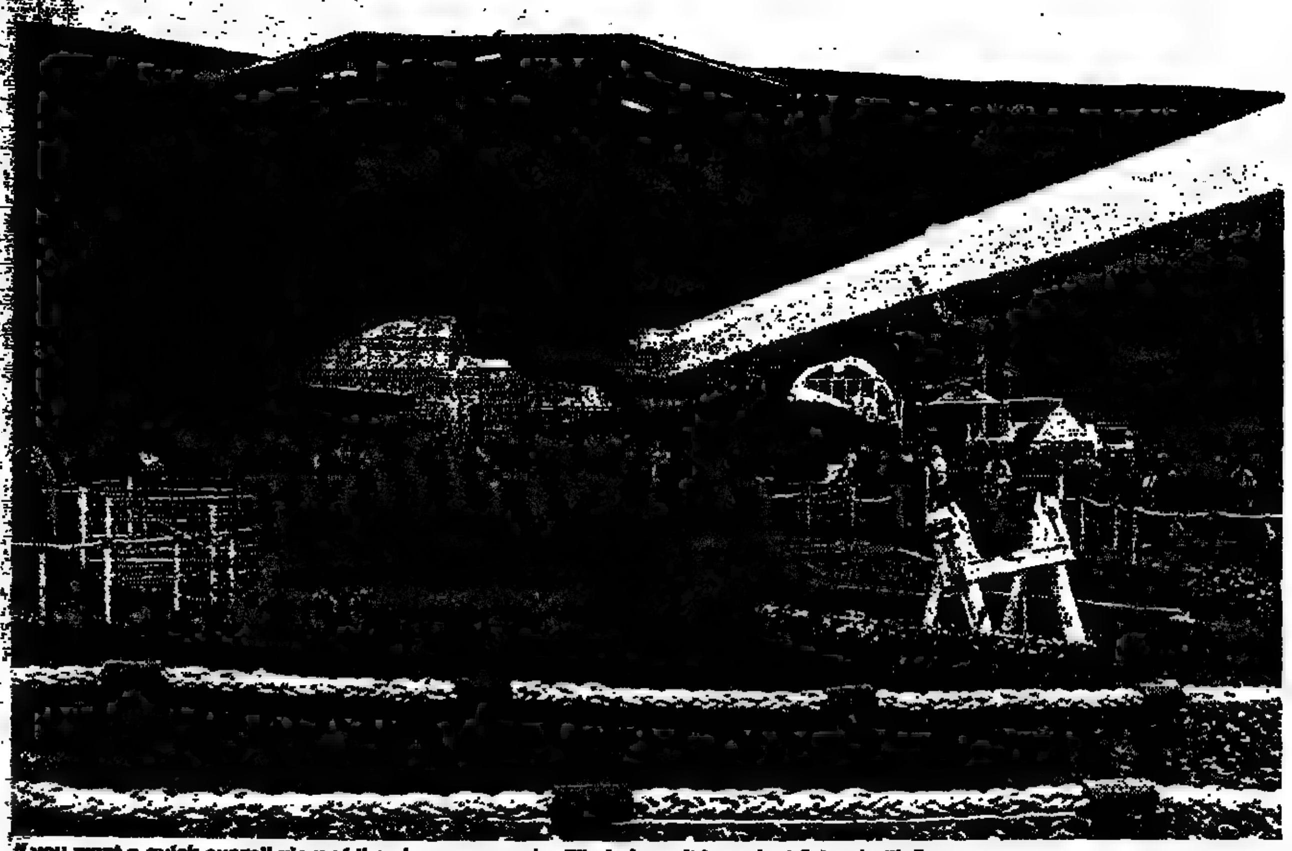


If you want a quick overall view of the show you can be lifted above it in a giant "sky shuttle"

A blooming scrapheap

Arthur Hellyer visits the Garden Festival, Wales

THE GARDEN Festival, Wales, opened yesterday and will continue, seven days a week, until October 4. It is the last of the five great festivals that started with Liverpool eight years ago and continued at Stoke-on-Trent, Glasgow and Gateshead in the intervening years.

All have been good fun, all have reclaimed waste land and handed it back cleared and rejuvenated for further use by the community concerned and, although I do not think that any made a profit, it seems sad that there are no more in the pipeline. There is no time to improvise any stopgap since it takes a minimum of four years to prepare one on the scale and to the standards we have come to expect. The Wales festival has been in the making for five years.

Not only does the Welsh exhibition at Ebbw Vale fully live up to those standards but it is unique in being the only one that occupies a naturally beautiful site. Ebbw Vale is a small industrial town with mountains on both sides. On the valley floor there used to be a large steelworks, and its associated slag heaps were a blot on the landscape.

Now only a small part of the steelworks remains, at the head of the valley, and the slag heaps are a series of beautiful gardens plus a fine lake and a medley of pavilions. When the festival is over, they will disappear to make way for a new village, to be named Victoria, which will provide both living and working opportunities.

Some features of the show will also remain, almost certainly the lake and possibly the 40 metre-high waterfall which seems to be a perfectly natural feature of the western mountain side. Gone, I imagine, will be the funicular railway which at the moment ascends the mountain to a height of 1200ft, from which there are spectacular views of the 200-acre exhibition site.

On the way up the railway passes a working farm, part of which has been incorporated in the exhibition. Here there will be demonstrations, including sheepdog trials. In this part, too, there is a natural woodland walk and a demonstration of the flora of wetland. If you want a quicker overall view of the show you can be lifted in a few seconds about 300ft above it in a giant "sky shuttle". You can also be drawn around it at ground level in any one of three land trains, which came to Wales directly from Gateshead where they had performed a similar function.

A unique feature of this festival is a giant hothouse which has been built against the mountainside, making use of the natural steep slope of the land. There is talk of retaining this when the show is over as a permanent feature but nothing has yet been decided. Part of the endeavour after October will be to attract new industry to the site and I wonder whether any company might see a prestigious piece of publicity in retaining a feature such as this.

There is no easy railway access to Ebbw Vale as there has been to former national garden festivals and so most people will arrive by road. The signposting could not be better. I began to encounter the cheery little joker named Gryff, the festival logo, on the M4 motorway 30 miles or more away from Ebbw Vale and he reappeared at every junction and roundabout to point the way.

At the moment the daffodils are almost over in my Sussex garden but still fully out in Wales. They got more and more numerous as I approached the site until they burst into a final frenzy of colour in the festival grounds. They had been specially retarded so that they would be at their peak for the opening ceremony.

The festival authorities intend to give special significance to certain flowers month by month: in June to a new bearded iris raised by a local specialist; in July to the Welsh poppy; in August to a rose named Abraham Darby, after an Ebbw Vale ironmaster; and in September to the dahlia called Bishop of Llandaff. There will also be a number of spectaculars to fill the floral hall with displays of flowers and foliage throughout the festival.

■ Admission is £8.50 for adults and £5.50 for children and senior citizens. Concessions for groups and families are available, as are season tickets. It is open from 10 am until 7 pm during May, September and October and until 8 pm in June, July and August. For further information contact the Tourist Information Centre, Bagle Brook, Beefeater Restaurant car park, Sunnycroft Road, Baglan, West Glamorgan. Tel: 0639-823049.

Choose your weapons for the holiday weeds

The killer instinct surfaces in Robin Lane Fox

GARDENERS cannot complain at the first proper rain for months, but it is threatening to sabotage my weekend strategy. Whenever the strategy works, I recommend it: it involves a double act which cuts down effort and keeps me off my hands and knees.

It is rapidly approaching its last chance in the calendar. In another fortnight, border plants will have spread sideways: the first crop of weeds will have seeded itself and the enemy will be in place for a summer on the offensive.

My idea of a good May Day weekend is to launch the attack first: it is your last chance for a pre-emptive strike. Hand-weeding bogs down the troops and limits them to one sector at a time. It may appeal to your instincts for self-punishment, as if the weeds are somehow your fault. Nonetheless, resist it and reach for the sprayer instead. I have not the slightest scruples about spraying wherever possible and I look on its opponents as non-gardening fantasists who do not even have pacifism's high moral ground on their side.

Naturally, its effects depend on what you choose to spray. My armoury is twofold. It relies heavily on glyphosate, marketed in several brands, of which garden shops are most likely to sell you Tumbleweed. This brand is satisfactory if you are gardening in a small area, but in my experience it is not the strongest, is designed for amateurs whom suppliers equate wrongly with half-wits and is far too expensive for use on a larger acreage.

As a result, I buy Roundup instead. It is sold by agricultural stores and suppliers to farmers who may be half-wits but are at least thought to be professionals. It comes in bigger cans but is has greater clout and I do not mind paying £50 or so for a serious can which will see me through two or three years and behave better than any other grass-killer on the market.

Roundup takes up to two weeks to turn the leaves of undesirables a shade of mildly-pleasing orange. It kills anything with grassy leaves; it wipes out couch grass; it may take two strikes to destroy a well-entrenched nettle or dandelion and it may even need three to put ground elder out of action. In the end, it wins, killing plants right down to the root, unlike that relatively useless Weedol which simply scorches off the growth above ground.

Roundup's particular merit is that it kills only through the leaf, not the soil. All you have to do is to aim straight. Aiming is much easier if you use a spray-pack with an adjustable nozzle: for everyday gardening, I use Killasprays and I reduce the quantities per acre on the Roundup bottle to one tablespoon per large-sized Killaspray.

If the chemical hits the soil by mistake it does it no damage whatsoever: indeed, you can plant it up with fresh stock within half a day of rounding up the ground. All those long years of hand-cutting turf or forking out couch grass and dandelions are out of date. You can spray the lot and watch them turn a brilliant colour before dying totally after a month.

My second weapon works on the opposite principle. Whereas Roundup hits the leaf, Weedex remains in the soil and prevents those awful crops of annual weeds. The vital ingredient here is simazine and although it is available in various brands, for flower-garden work I stick to plain Weedex, not the Super variety, and follow the instructions about particular types of crop which resent it.

It is a protective film for fresh, clean ground, but it is not a weapon against old, invasive weeds. Its proper place is on a bed which you have carefully weeded already and want to ensure against disaster. If you seal it with Weedex, you never need to waste much time on all those bits of chickweed which otherwise germinate in summer and ruin your weekends between the Derby and Royal Ascot.

To this co-ordinated armoury, alternative gardeners have no convincing answer. I have used glyphosate for years without any trace of long-term damage to myself or anything desirable. If I have a complaint about Weedex, it is quite the opposite: its protection does not always last throughout the season, especially if the year is wet.

"Organic" gardeners have nothing else as strong, clean and sensible as my two weapons. They are welcome to try alternative tactics for weed-control, but it is no use telling me that unwanted weeds are best smothered with unwanted lengths of user-friendly old carpet.

There are only three obstacles to my double attack. The first is the most serious: it needs to be launched in showery weather. If either prong fails, it is almost always because heavy rains washed the chemicals away afterwards or a long drought stopped the plants from taking them up in time. This weekend, conditions look highly promising, as the garden is damp and the rain may abate for at least six hours, the necessary interval. I am planning a major assault.

Of the other two obstacles, one is my own planning, where I will have to compromise. This weekend, I also intend to sow outdoors annuals like white flax and white cosmos daisies where I want them to flower from late July onwards. If their ground is Weedexed first, they will fail totally.

Do not repeat the mistake of an over-eager reader who was so pleased with simazine in year one that he put it all over his bare flower beds in year two and then expected them to grow his light-scented stocks before he left for late August in the south of France. Chemicals cannot distinguish between an unwanted weed and a desirable tobacco plant. The only answer is to mark out safe havens where flower-seeds can germinate and hand weeding has to continue.

The last of the three obstacles is much more familiar. For the past six weeks, most of our gardens have been troubled with a tiny white-flowered weed which is often known as Bitter Cress. It thrives where the soil is slightly damp; it is about two inches high and in its own wicked way, it is one of nature's marvels.

This weekend, it is nearly mature and unless you pull it out now it will spread exuberantly by its own seed-mechanism. As soon as its seed pods are hard and straight, they are able to catapult seeds at the first touch of a human hand. It is no use trusting Roundup to destroy it because it will grow on, seed and finish the cycle before the poison works. You have to pull it out – and you have only a few last days before it has beaten you.

I rather think that in the next world, avenging angels will bury me in mounds of it. It has dogged my years of gardening, from early rock-gardening to hours with a bucket in a German botanic garden where it was pursued with Teutonic efficiency.

Botanically, Bitter Cress is a type of Cardamine, cousin to a pretty wild Ladies Smock. In popular German, it also translates as Jumping Jesus. One touch, you see, and it soars skywards, leaving thousands of future disciples on the area round the point of contact. This weekend, I am planning a real Nero of a persecution: having rounded-up the nettles and Weedexed between the catmint, on Sunday morning I will be sending the last of this particular Jesus for the high jump.

Country View / **Michael Wigan**

Hunting to save the landscape

WE ARE accustomed to hearing dire news from the countryside. *Farming is highly unprofitable*, EC plans to cut subsidies will make business worse. The principal land-uses are in an *unhealthy state* and some hill farms with arable ground are *selling for the same price* as unenclosed moorland.

Forestry has proved an unattractive alternative. Few farmers are prepared to risk such a long-term investment. Eco-forestry is being encouraged by the Farm Woodland Scheme, but offers little prospect for profit.

Set-Aside, conceived as a way of reducing surpluses and satisfying environmentalists, has proved unpopular. It is applied on about 155,000 hectares, or 3 per cent of the farmable area. Farmers are given money to cease farming; where corn had grown nature was to take its course.

Nature being what it is this meant that, instead of rolling acres of wild flowers the virile and invasive weeds, nourished by *fertiliser residues*, crowded out everything else. Green *fields* were *made* green by fertilisers or animal manure; without them *much* summer grass was yellow or brown.

The commonest plant became the thistle. Farmers turned on each other when it became clear that the prime candidates for the sinecure of Set-Aside were either the most incompetent farmers, ageing farmers happy to be paid to drop out, or those on the worst land who at last had a chance to match the incomes of their better-endowed neighbours.

The solution to the problem *of what to do with the country*side is ready-made: turn it into *hunting, shooting and fishing* preserves. Which, of course, is *what it originally was*. The earliest property rights were hunting rights. *Long before agricul*ture was more than sporadic pastoral activity in forest clearings, hunting reserves were thoroughly *organised*, the primary rule being protection of habitat. The conservation credentials of field sports as a land-use are excellent.

A report has been published which says country sports are

gaining popularity.

The independent report, *Countryside Sports: Their Economic and Conservation Significance*, was commissioned by The Standing Conference on Countryside Sports and was published recently.

It says the UK has become *a* nation of shooters, hunters, stalkers and anglers. Because of the indeterminate number of sportsmen who practise more than one field sport the report does not offer a total figure for all Britain's sportsmen, but there are 3.9m anglers, 850,000 shooters, and 240,000 hunters to hounds. This rustic activity generates more than £1.4bn annually in direct spending, and employs 125,000 people.

Since 1970 the number of *anglers has risen* by 1m. In the last eight years the number of stalkers has trebled and the number of clay pigeon shooters *has doubled. The game yielded* by these activities is worth £38m a year. The hunting tackle trade is worth £43m in exports alone.

Taxes on sporting revenues and on the earnings of gunsmiths, ghillies, gamekeepers and farriers; sales of gun and fishing licences and permits and business and sporting rates levied by local authorities, contribute £459m to the public purse. This industry is entirely in the private sector at a time when other country activities, agriculture and forestry, furiously subsidised by the state, are losing their meaning.

However, country concerns are less well represented in the House of Commons than at any time.

Country sports are the preserve not of the elite but of the poorer half of the community. Dividing participants into four socio-economic groups, the Standing Conference report *finds* that 56 per cent of shooters and 68 per cent of anglers *belong to the lowest two groupings*. A paltry 15 per cent of the most *affluent* participate in shooting or fishing at all.

Even those arguing against the Hunting Bill in the last Parliament used the principle of freedom of choice as their basis, rather than a detailed defence of the part played by hunting in rural life. It is time they wised up. Country feelings run deep, and they throb in the breasts of many city-dwellers, too.

Plant of the week
Bergenia Cordifolia

This fine, hardy perennial has stout stems that creep along the surface and cover themselves with large, more or less circular, thick-textured, evergreen leaves. These are glossy and make fine ground cover. In late winter and spring, the plant produces many stout branch stems bearing closely-packed, bell-shaped pink flowers. There is an excellent variety named Puppurea which has red stems and magenta flowers. Both are grown easily in any reasonably fertile soil in full sun or in shade, but flowers will be produced more freely with plenty of light. .... *AH*

Private life of the Master

Anthony Curtis reviews a fresh appraisal of Nöel Coward's life and work

I SUPPOSE there still are one or two people in their eighties or nineties who remember seeing Nöel and Gertie in the original production of *Private Lives* in 1930. Many of us have listened to their surviving recording, now available on cassette and CD, of the the balcony scene. Somehow even at the umpteenth hearing it never fails to raise a chuckle or two. No later Amanda – not even the wonderful Kay Hammond – could invest the lines with quite the degree of murderous innuendo conveyed by Gertrude Lawrence. HE: You said Norfolk was flat. SHE: That was no reflection on her, unless she made it flatter.

The joke there shifts a gear from marital discord to encompass Coward's urge to make fun of the female form. It was not finally her lack of talent that debarred the daughter of Mrs Worthington from a stage career but, you will recall, "the width of her seat/ That would surely defeat/ Her chances of success..." The songs, which in his new book about Coward Clive Fisher tends to undervalue, gleefully describe women who make fools of themselves; such as the elderly American widow, Mrs Wentworth-Brewster by name, who discovered (pause) "just in the *nick* of time (pause) that life was for living..." and, to the dismay of her family, allowed herself to be goosed by Italian sailors in a bar on the Piccolo Marina on Capri.

The Master was *not* just gay; he was – let us face it – beneath the veneer of charm an old-fashioned male chauvinist pig to boot. In 1965, while he was making his farewell appearance in London in *Suite in Three Keys*, Coward gave a revealing piece of advice to John Osborne:

"'I understand you've been a very silly boy. You must never trust a woman.' 'But you've so many women friends,' I protested. More than I had. 'No matter. Never trust 'em and never, never marry them. Which you appear to do.'" (from Osborne's *Almost A Gentleman*)

There were, though, as Clive Fisher points out, two or three women who were of crucial importance in Coward's life. The first and most important was Violet (née Veitch) who married Arthur Coward, a travelling piano salesman, and in December 1899 gave birth to Nöel Peirce Coward at their house in Waldegrave Road, Teddington. He remained devoted to her for the remainder of her long life. Then there was Mrs Astley Cooper, the Edwardian hostess based in Rutland, who took up the young Nöel Coward *before* he was famous, and gave him his first insight into the mores of the country house set (see *Easy Virtue*). And lastly there was Esme Wynne, the child performer who trained with him for the stage.

She seemed all set for success but then abandoned the stage on her marriage to Lynden Tyson. As Esme Wynne-Tyson she became a devout Christian Scientist and pursued a new career as a writer on ethical and religious matters. Fisher's book contains a charming photograph of Nöel and Esme during the First World War. The information Fisher has gathered from Jon Wynne-Tyson, the publisher, about the bond that formed between Coward and his mother in these obscure early years sheds a sharp little ray of fresh light on our hero's hard slog before success came with *The Vortex*.

NÖEL COWARD
by Clive Fisher
Weidenfeld & Nicolson £17.99, 288 pages

Fisher is also able to be much franker than was Sheridan Morley about Coward's male lovers, notably Jack Wilson, the good-looking American stockbroker who became (disastrously) his business manager and (successfully) his sexual partner for many years. Otherwise the biographical facts are mainly taken from secondary sources: Coward's own autobiographies and diaries; Sheridan Morley's biography; and the published diaries of friends like Cecil Beaton. Among the theatre critics Tynan is quoted *ad infinitum* and so is Agate, who was Coward's direct contemporary and often shrewd about his plays.

The value of Fisher's book is partly as a concise biography but more in the detached view it offers of Coward's whole career. It is the first Coward book from a member of a generation for whom Coward is now an established part of theatrical history. This writer about Coward would have been a child of 10 in 1973, the year Coward died. He is coolly immune to the myth of the Master woven so assiduously and lucratively by Coward during his lifetime.

From this detached perspective Fisher goes thoroughly through the canon, dealing perceptively with the forgotten or suppressed plays like the torrid Maughamesque *Point Valaine*, with the late half-successes like *Relative Values* and *Nude With Violin* as well giving the smash-hits, *Hay Fever*, *Blithe Spirit*, etc. a fresh appraisal.

In all this Fisher has some valuable *apercus* on Coward's range of subject-matter, much wider than you might suppose, and he points to some of the glaring contradictions in Coward. He was both a cynic and a sentimental patriot, the utterer of that resounding tear-jerking toast to "this England of ours" in *Cavalcade* but who ultimately opted to live abroad as a tax exile in Switzerland. And like Rattigan he was a homosexual who was always careful to play it straight before his adoring public. Fisher pays a handsome concluding tribute to the "solipsistic energy" and magical gifts that gave rise to these discrepancies.

Publish and be grand

HAROLD Macmillan used to boast that his grandfather was a crofter, and – having it both ways – that his wife was the daughter of a duke. Like another British prime minister, Churchill, he had an American mother. What everybody knew was that the family was in publishing, though apart from being naturally bookish, he boasted about that rather less.

What few people can have known until the publication of this book, however, is how grand the publishing business was. In the second half of the 19th century, it must have been the foremost house in Britain. The Macmillan brothers, Daniel and Alexander, were friends of Gladstone. They picked up young authors all over the place. Among their early titles were *Tom Brown's Schooldays* by Tom Hughes and Charles Kingsley's *Westward Ho!*, books which made not only reputations but also money.

Although Daniel died in 1857, Alexander went on to found *Macmillan's Magazine*, a monthly publication designed to bring on younger writers like Matthew Arnold and attract the established, like Lord Tennyson, into the Macmillan fold. The magazine was spectacularly successful; practically all the best-known writers of the time contributed.

On Tennyson's death in 1892, the Macmillan family was put in charge of the funeral arrangements at Westminster

THE MACMILLANS
by Richard Davenport-Hines
Heinemann £18.50, 370 pages

Abbey. The entire intellect of England seems to have been there. "No one who was present," wrote the Marquess of Dufferin, a former Viceroy of India, "will ever forget the scene, which was unparalleled in its dignity and splendid significance."

Apart from discovering authors, the Macmillans promoted publishing as a business. The Net Book Agreement, which lays down that a bookseller shall not undercut the retail price set by the publisher, was established as part of their doing at the end of the century. It still, more or less, exists. Daniel Macmillan was Harold's grandfather, and it was of his humble origins that the man who was to become prime minister used to boast. A photograph of the crofter's cottage where Daniel was born went with Macmillan throughout his government offices. Yet Daniel very quickly moved south, to Cambridge and London, first as a bookseller, than as a publisher.

The Macmillan family had long been well-educated, with a tendency to religious earnestness. Daniel dropped the Baptists and switched to the Church of England when he put Scotland behind him. And he and his younger brother Alexander were lucky. Their move into publishing coincided with the sharp rise of literacy. Other publishing houses were founded at much the same time: Routledge and Cassell, for examples. George Routledge established the Railway Library which, Walter Bagehot recorded, sold books "like sandwiches". But it was the Macmillans who, in their list of authors and their influence, had pride of place.

The remarkable fact about this book is that the story has never been told before. It is the natural subject for a company history, and it would have been even better if the Macmillan family had agreed to cooperate. The reason why they did not seems to be that Davenport-Hines wanted to add a thesis of his own. That was to explore the misfortunes – disease, premature death and alcoholism – that have dogged the Macmillans over the years. He thinks that the Macmillan men – Harold in particular – were given complexes by a dominating mother.

The family refusal did not deter the author, who used to work in the Macmillan publishing house. Yet the result is that he has written two books in one. It is the first 123 pages about the history of the business that are riveting; the rest is a readable enough account of the life of Harold Macmillan with the odd attempt at psychological insight. Davenport-Hines thinks, for instance, that the familiar baring of the Macmillan teeth, which some saw as an ingratiating smile, was a sure sign that he was on the attack – just like an animal. It stemmed from his hostility to his mother.

Malcolm Rutherford

Haunted by Romantics

"I WOULD willingly think that my memory may not be lost in oblivion as my life has been," wrote Claire Clairmont in old age. As a shadowy figure on the margins of the Romantic circle that included Shelley, Byron and Mary Shelley, she has usually been presented as a brief digression in other people's lives. But, ironically, she spent much of her own life writing herself out of literary history and suppressing "the disastrous hauntings that seemed inseparable with my name."

If Claire is remembered at all, it is as rather a pain in the neck – tagging along with Shelley and Mary when they eloped to France, or driving her beloved Byron up the wall. This sympathetic biography by the late Robert Gittings and his wife Jo Manton is designed to dig beneath the unattractive

CLAIRE CLAIRMONT AND THE SHELLEYS
by Robert Gittings and Jo Manton
Oxford £20, 292 pages

image – which was first put about by Mary Shelley's manipulative daughter-in-law – and to rehabilitate Claire as an individual in her own right. Yet despite Jo Manton's valiant attempts to give equal weight to Claire's later, rootless career as a governess, the first 24 years, narrated by Robert Gittings, remain the most compelling.

Born in 1798, the illegitimate daughter of prosy, capable Mrs Clairmont, Claire's life took off at the age of three when her mother married the notorious radical William Godwin. His house was always full of books and ideas, and one of Claire's earliest memories was of listening in terror, from behind the sofa, to Coleridge reading aloud from *The Ancient Mariner*. It was an outwardly happy, if irregular, household, with a mixed bunch of children. Claire's closest companion was her elder step-sister, Mary.

Claire's role in the triangular relationship which developed when Shelley fell for 16-year-old Mary and the three of them ran away together is hard to pin down. Though Gittings seems certain that Claire never slept with Shelley, all three were entangled in an intensely complex matrix of mixed emotions. Where Mary was depressive, Claire was volatile, sometimes to the point of hysteria. Shelley, hero-worshipped by both, was histrionic.

However mutually supportive they were capable of being, Mary and Claire had a difficult relationship marked by suppressed rivalry. Though Gittings only hints at it, it seems likely that Claire's next adventure – introducing herself into Byron's lee – was motivated in part by a sense of competitiveness with her step-sister.

If Shelley was glamorous, Byron was a superstar. And, like hundreds of other teenage girls, Claire wrote him a fan letter. Unlike most, however, she was as direct as she was persistent and, booking a hotel, she invited him to spend the night with her. Byron never regarded her as much more than a one-night stand, and was only persuaded to prolong the relationship by the prospect of being introduced to Shelley, whom he found fascinating.

But Byron's desertion of Claire and his insistence on having sole custody of their daughter Allegra, who died aged five in an Italian convent, shows him to have been neither true nor honourable.

Allegra's death was soon followed by Shelley's. Claire was doubly traumatised. Her decision to cut herself off from her family and take up the nomadic existence of a governess, living among strangers first in Russia and then all over Europe, and religiously hiding her past from those she met, suggests someone afraid of getting too involved in relationships for fear of being hurt. However sophisticated and self-possessed she appeared in company, her inner life, though buried, seems never quite to have recovered.

Perhaps because they are at pains to rescue Claire from the charge of being "hysterical", levelled at her both by Byron and by later generations of Shelleys, Gittings and Manton stress her independent spirit and vitality of character. But though not into psychoanalysis, it is interesting how her more neurotic, vulnerable side keeps surfacing.

It is easy to be tempted into lurid fantasies about the Shelley circle, and to see its members as larger-than-life actors in a tragic melodrama – which is how Mary's daughter-in-law, guardian of the Shelley shrine, seems to have wanted to portray them when she offered a life-sized marble Mary supporting Shelley's naked corpse to the embarrassed vicar of St Peter's, Bournemouth. By allowing an undercurrent of unheroic emotional confusion to penetrate their portraits of Mary and Claire, Manton and Gittings have succeeded in humanising them.

Lucasta Miller

"Diana's Rest"; Ivo Saliger, 1939-40.

The barren stamp of Nazi approval

"YOU artists live in great and happy times. The Führer loves artists, because he is himself one! Oh century of artists! What a joy to be part of it," raved Joseph Goebbels, Hitler's Propaganda Minister, when the Nazis came to power in 1933. But the truth was that German culture was never so barren as during the Third Reich. Not one significant artist or writer lent continuous support to the regime, and almost every major intellectual or cultural figure, from Brecht and Beckmann to Freud and Mann, fled the Reich by 1939.

This book tells the story of the art that remained. In the visual arts, the battle lines were boldly drawn in 1937 with the two Munich exhibitions, degenerate art and the great German art exhibition. The first aimed to set the German public against "Bolshevik-Jewish" modernists like Chagall, Grosz, Kokoschka and Klee, by cramming their work together on walls daubed with graffiti slogans such as "Insults to German Womanhood" and "The Niggerising of the Visual Arts". It was a sensational hit, attracting far bigger crowds than its companion exhibition, a showcase of Nazi-approved paintings of Aryan nudes, brawny peasants and Bavarian mountains.

It is these latter pictures, unknown today, that are reproduced here. Adam discovered them hidden in vaults and archives, and his catalogue forms a devastating record of narrow and reactionary themes and flat, wooden execution: youths bringing in the harvest; soldiers waving farewell to their Alpine homes; chillingly perfect gods and goddesses. The iconography is rooted in Nazi ideals: from Adolf Ziegler's blond maidens in "The Four Elements", which hung in Hitler's drawing-room (the French ambassador rechristened it "The Four Senses – Taste is Missing") to the giant neo-classical "Seven Deadly

THE ARTS OF THE THIRD REICH
by Peter Adam
Thames & Hudson £24.95, 322 pages

Sins" starring Chamberlain and Churchill as gluttony.

Nationalism, nostalgia, a return to rural values, Hellenism, romanticism: the intellectual backcloth to these paintings reflects cultural ideas widespread across late 19th and 20th century Europe. But Hitler played on specifically German strands – the *volk* heritage, revivals like the Nibelungen myth, the racist current in Wagner, Nietzsche and the German super-soul. Anti-international feeling after

Ziegler's 'The Four Elements' was rechristened by the French Ambassador as 'The Four Senses – Taste is Missing'

the First World War was crucial to Hitler's appeal and he manipulated it in his cultural policy: "in a time of social despair he united the big city, with Jewish commerce and international art as the common enemy. So out went Velasquez with "The bastard types Spain is so full of" and Gauguin's "black girlfriends", along with modernism, cubism, Dadaism.

Adam's roll call of who was in and out of favour is illuminating, but his woeful text, repetitive, banal and incoherently argued, misses the crucial implications of his research. How, he asks every few pages, could the artists have collaborated? But the point was that they did not: all artists of stature fled. Only a few older painters of rural scenes, which Hitler perverted for his own means, and hack painters of propaganda pictures, remained.

The exceptions were the architects. Some of Albert Speer's models, and Sagebiel's design for Tempelhof airport, are innovative and original. Hitler lost his artists because he tried to turn them into reactionary mouthpieces, but kept his architects because his mammoth ambitions for German cities and his bottomless coffers gave them unlimited scope which, as Speer said later, led them to turn a blind eye to the atrocities making this possible. Adam acknowledges no difference between either the quality of the work or the motivation here. But even Goebbels and Goering lamented the feebleness of Nazi painters – Goering collected forbidden Gauguins and had portraits of his children painted by Otto Dix, who was condemned in the degenerate art show. Speer was by contrast honoured as one of the most powerful men in the Third Reich.

Finally, although Adam does not touch on the theme, his book is about the importance of art. The Nazis banned Expressionist paintings because the despair and violence and anguish they represented told disturbing truths; yet Hitler knew the power of culture and was concerned that his hoped-for renaissance of German art was not forthcoming.

This is a book to buy for the illustrations, which catalogue the aesthetic results of a murderous regime, and to take along as a companion to the reconstruction of the 1937 degenerate art exhibition, now in Berlin. The juxtaposition demonstrates one of the most positive aspects of political-art history: but with a few exceptions, great art has always stood out against terror and on the side of humanity.

Jackie Wullschlager

Reflections on Spain

CAN THERE be anyone who has failed to notice that this is Spain's year? Publishers are determined to remind us. Columbus, Seville, Barcelona – by the end of 1992 Spain will have spun full circle and returned to its former empire glory.

Robert Hughes, art critic of *Time* magazine, has written an enjoyably irascible history of Spain's greatest non-Spanish city, **Barcelona** (Harvill £20). His view of Barcelona is, naturally, coloured by its architectural and artistic past, with wonderfully intemperate sideswipes at its designer-mania present. Hughes loves Barcelona and Catalonia but his passion is clear-headed enough to be infuriated by some of the contemporary characteristics of his beloveds.

Hughes is at his most entertaining when he yokes erudition and ill-humour together, as when dealing with the Japanese tourist obsession with Antoni Gaudí's unfinished Sagrada Familia: "Nobody in Barcelona is quite sure why the Japanese have fixed on Gaudí in this way... One thing is sure: the Sagrada Familia is the first Catholic temple whose bacon was ever saved by Shinto tourism. Not even Gaudí, who believed in miracles, could have foreseen that."

It is strange that a writer who is both a native Spanish speaker and widely recognised as a great novelist should have contributed in this Year of Spain a far less impressive, indeed in some passages quite bonkers, history of both Spain and its relationship with Latin America: **The Buried Mirror: Reflections on Spain and the New World** by Carlos Fuentes (Andre Deutsch £20).

The design of Fuentes' book – lots of lavish black and white photographs – as well as the fact that it accompanies yet another television series, indicates a coffee-table audience. With a name and pictures you can get away with anything – at least that seems the assumption. From organic nonsense over bullfighting ("The matador is a tragic representation of man's relation to nature, the actor in a ceremony of remembrance of our violent survival at the expense of nature") to constructing false myths to fit preconceived views of history (such as sentimentalising Gaudi at his death as "an anonymous artisan") Fuentes' book is the kind of stuff to give apoplexy to Hughes. Fuentes promises historical sweep but ends up mailing us postcards from his sweepings.

Far more entertaining is **Barcelonas**, by Manuel Vázquez Montalbán (Verso £17.95). Vázquez is one of Barcelona's leading journalists and author of books ranging from crime fiction to Catalan cookery. His view of Barcelona is wonderfully sardonic and off-beat. Vázquez does not much like the thought of his city's Olympics and points out the social frictions the Games have exacerbated among the city's poor, many of whose squalid homes have been bulldozed out of its path.

He has a grim style: "When Franco's occupying troops entered the city, fourth on the list of organisations to be purged, after the Communists, the Anarchists and the Separatists, was Barcelona Football Club." And he confirms Hughes' assertion that Barcelonans have a Swiftian scatalogical obsession, by analysing the sociology of Barcelona's sewers: "regular visits to today's sewers would act as a perfect counterbalance to the conceit of urban man." Odd, but wonderfully unlike pre-masticated cornflakes.

Gijs van Hensbergen also avoids the cornflake factor in his **A Taste of Castille** (Sinclair-Stevenson £17.95). In 1986 he upped sticks and left England in order to learn how to cook pigs' trotters (and much else) in a Segovian restaurant. That may not sound a recipe for hilarity but his Rabelasian adventure could initiate a new sub-genre, the comic-cooking-travelogue.

Earlier this year the BBC produced a six-part documentary series looking at the country's history and contemporary condition; Ian Gibson's **Fire in The Blood - The New Spain** (Faber/BBC £17.99) is a by-product of that series. But as so often with books-of-the-TV-programme, it falls short of expectations. Not really history, it makes forays in that direction; not really sociology, it considers how Spaniards view topical matters such as abortion, feminism and environmental depradation; not a travel guide, it is written by one of the foremost non-Spanish (Gibson is Dublin-born) travellers around.

Gibson's other book – **Lorca's Granada - A Practical Guide** (Faber £14.99), originally published in Spanish in 1989 – is sadly much less likely to be promoted. A pity; Gibson is an expert on one of Spain's greatest artists, and it is a clever idea to present a travel guide to Granada by tracing Lorca's lifesteps around the city. It is a pleasure to walk the streets in the company of someone who knows them so intimately.

For those who find their history most accessible through

Gary Mead looks at the plethora of books triggered by Columbus and the Barcelona Olympics

lengthy descriptions of painting, architecture and other visual arts, **Spanish Journeys - A Portrait of Spain**, by Adam Hopkins, (Viking £16.99) is required reading. Like Lorca's Granada, what we have here is a novel method of gauging the development of a culture and a society. But although Hopkins writes sympathetically of such as Goya and Picasso, his book nevertheless has a feeling of pre-masticated history. Neither fish nor fowl, it is too dry, too uninvolved to inflame its passionate subject-matter.

Much of the rest make warm milk-and-oats seem wildly exotic. **The Sierras Of The South – Travels in the Mountains of Andalusia** by Alastair Boyd (HarperCollins £16.99) might be found charming by some readers, in the way that jocosity can often be mistaken for wit. But an individual's travel must have something very special about it in order to have impact today.

If you seek elegant expertise, then **Cities of Spain** by David Gilmour, (John Murray £17.95) is just the ticket. Enlightening and historically confident, Gilmour's book is the perfect companion piece for any traveller in Spain. **Seville** by Sarah Jane Evans (Sinclair-Stevenson £18) is not imperative, since although she clearly knows Seville well, her writing often leadenly strives after heights it cannot reach.

Everyone intending to visit Spain for either the Barcelona Olympics or Seville's Expo should be reminded that, for quality insights into this most splendid of countries there are still only two surpassing books, published some 25 years ago: Raymond Carr's history, Spain and Hugh Thomas's The Spanish Civil War. Sad that no one can quite match them here, though Hughes and Váquez Montalbán get very close indeed.

Poetry cut down to size

Michael Glover on the protagonists of 'Imagism', Ezra Pound and Hilda Doolittle

WHEN DID the modern movement in literature actually begin? Virginia Wolfe had a ready answer to that question: "On or about December 1910," she wrote, "human character changed." Not human character itself, of course, but the way it was represented in the language of literature. And the agent that changed? A tireless American literary entrepeneur-cum-poet by the name of Ezra Pound, and the movement in poetry that he created in 1912 called imagism, which was celebrated in a series of events at the South Bank last weekend as a part of its continuing festival, *Towards the Next Millennium*.

The young Ezra Pound had arrived in London in 1908 for the express purpose of sitting at the feet of W.B. Yeats, the only poet of value in the English-speaking world, in his opinion. Edwardian London was no place for a young, energetic poet-to-be – the feeble energies of the 1890s were spent; poetry seemed all lush and loose, the piping of mindless Swinburnian muzak. Pound set about to change all that.

By 1912, he had formulated a set of principles for the writing of a new, more vigorous kind of poetry that would be equal to the demands of a new era. These principles would have an enormous influence upon the way poetry would be written and discussed throughout the 20th century. In Pound's opinion, there were three cardinal virtues: precision – poets must be precise and concise in their use of language; *vers libre* – free verse should be used as a way of freeing the poet from the trammels of dead metrical structures; but, above all else, the poet should employ hard, clear, concrete images. Abstract formulations had had their day.

The movement was brought to birth in the British Museum tea rooms in June 1912. Pound had been joined in London by fellow Pennsylvanian poet Hilda Doolittle, a childhood friend. He asked to see some of her poems and, leaning over her shoulder, he corrected them in accordance with his new principles. Then he signed them for her: "H.D. Imagiste". A movement was born; and so was its most representative poet.

H.D. remained faithful to the principles of imagism for most of the rest of that decade. Her poems were just what Pound seemed to have ordered as a tonic for the scribbling tribe: hard, clear, and short. In spite of the fact that they were usually set in Grecian landscapes and concerned themselves almost exclusively with figures out of Greek myth, there were no needless ornamentations, no quaint devices and no archaism. And H.D., the Hellenist, espoused and sponsored by Ezra, became a fashionable commodity in Edwardian London, where Greekness seemed to be everywhere: it was modish to go about in sandal-shod feet; to purchase sculpture with Greek curls; and to be seen reading Andrew Lang's translations of Homer.

The French spelling of "imagism" as "imagisme" is instructive. Some of the theoretical justifications for the new movement derived from the philosophy of Bergson and the practice of the French symbolist poets, and Pound himself was probably pleased to have coined a name that had just a touch of Parisian *éclat* – it would help to Europeanise him. Had not H.D. herself called him "immensely sophisticated, immensely superior," but also "immensely rough and ready?"

The Imagist movement waxed and waned for a decade, firstly under Pound's brief tutelage, and later under that of Amy Lowell, an American poet of uneven talent whom Pound heartily despised – perhaps because she was his equal in energy and influence. Pound called *her* movement "Amygism" and condemned her for prolixity. And yet for all her faults as a poet she had the good editorial sense to publish the verse of D.H. Lawrence, James Joyce and William Carlos Williams in the Imagist anthologies that appeared later in that decade.

The imagist movement itself had petered out by the end of the decade – but the influence of its principles upon poetry and literary modernism endured. It became the norm in both England and America for poets to write short, concisely expressed lyric poems with hard, clear images at their emotional epicentres; but, equally importantly, imagism fed into the way in which novelists approached the task of writing their fiction.

Ulysses seems like a concatenation of hard, bright images when viewed in the light of those principles; some of the greatest passages from *Women in Love* derive their impact from the way in which D.H. Lawrence seems to make the images of natural things speak for themselves. And it is also to be blamed and praised in about equal measure for much of the notorious obscurity of 20th century poetry, from T.S. Eliot's *Waste Land* to Pound's *Cantos* – those super-imagistic exercises in which all pretence at discursive, linking commentary has been abandoned almost entirely, to the shock and bewilderment of a thousand uninitiated A-level candidates.

The poetry and prose of Ezra Pound are published by Faber and Faber. The poetry of H.D. is available from Carcanet Press.

H.D. and Ezra Pound: the movement was born when he signed her poems 'H.D. Imagiste'

Screen

With time on your side

WATCHING ON video recently Errol Morris's new film based on Stephen Hawking's *A Brief History Of Time* (Palace), I noticed that – no, no, wait, let me first explain the Andrews' Theory of Time.

The first principle of this is that there are only so many hours in a day. The second is that time is curved, so you can meet yourself watching *A Brief History Of Time* before or after you thought you had finished watching it.

Let me explain. Firstly, I *had* seen much of Errol Morris's film before, in a film about the making of Errol Morris's film. The project was set up by Steven Spielberg who does not skimp on pre-publicity. Secondly I glanced at the *Radio Times* and discovered that what I thought was an exclusive video premiere (*rara avis!*) is on Channel Four for all to see this Sunday at 8.30pm.

So I shall not pre-empt your enjoyment beyond commending Morris's skilful interweaving of the biographical and scientific-philosophical in expounding Hawking's life and ideas.

However, these thoughts about Time have stayed with me. Over recent days I have laid the scientific basis for a new understanding of Subjective and Objective Time. Take an everyday household example. Have you noticed that when you drop a boiled egg on the floor time simultaneously contracts and expands? Your whole life appears to flash before you, in only a few seconds, as you see your breakfast destroyed by a chance accident.

In video-watching this Subjective Time – extending or shrinking according to the intensity of the viewing experience offered – can be enhanced or negated by a volitional use of Objective Time. For instance: my favourite video releases this month are Cecil B DeMille's biblical epic *Samson And Delilah* (CIC), Jean Renoir's great tragicomedy of manners *La Règle Du Jeu* (Connoisseur), Jocelyn Moorhouse's teasing tale of a blind photographer *Proof* (Artificial Eye) and Spike Lee's edgy race-war comedy *Jungle Fever*.

The minutes seem to fly by in these films, even though the viewer's hand will frequently arrest time to replay a favourite sequence. What is more, time can be made to move *backwards*. In *Samson And Delilah* I replayed Victor Mature's destruction of the Temple of Dagon in reverse. Ever since I was a child I wanted to do this: to see the million-dollar Paramount pillars rise again from the rubble. And in Moorhouse's brilliant Australian fable about the blind leading the sighted – the unseeing young hero fools the spiteful girl helper who tries to trip up his daily life – I could retrace the subtle suspense steps by which the director herself leads us on.

The opposite is also true. However much you fast-forward through insomnia cures like this month's *The Rookie* (Warners), a dud Clint Eastwood cop opera, or *Millennium* (Warners), a certifiable sci-fi romp, or *The Package* (Virgin), in which Gene Hackman tries to win the Cold War before anyone can tell him it is over, time does not travel any faster. Indeed time appears to become slower while the viewer's own activity rate, vis-à-vis the remote control module, accelerates.

These videos are known as Black Holes and should be avoided. Concentrate instead on the fact that we live in an expanding universe, as Stephen Hawking demonstrates, and the video market obeys the cosmic rules. Many films that used to be a certain length on the large screen are now, yes, longer on the small. Take *Aliens: The Special Edition* (Fox). Available in this form for only three months, James Cameron's monster movie starring Sigourney Weaver now contains 17 extra minutes of ravening, jaw-dripping, thoroughly enjoyable horror.

This principle of longer video versions for home viewing is borrowed not from Einstein or Hawking, I believe, but from Washing Machine Theory. If you go to a launderette (equivalent of a cinema), you expect to have your clothes washed and dried in 90 minutes max. But at home – what is the hurry and where are you going? – your machine can take three hours to cleanse the same load. As I pointed out recently on another page, we live in a new age. Different movies for different viewing modes; and with video, uniquely, you can be your own editor, programmer and projectionist.

Nigel Andrews

Off the wall/Antony Thorncroft

Pop goes Covent Garden

THERE IS just a chance that this week saw the end of one of the arts world's more depressing annual rituals – Jeremy Isaacs, general director of the Royal Opera House, explaining away yet another nasty deficit for Covent Garden.

This does not necessarily mean that Isaacs has finally had enough of the constant bitching about the Garden and is returning to the more peaceful world of commercial television, but that there now seems to be the will on all sides for one final heave to settle Covent Garden's funding problems.

Actually 1991-92 was not too bad for the Opera House – a shortfall of £1.6m on a turnover of around £45m, contributing to an accumulated deficit of £3.3m. Isaacs had been over optimistic in trying to solve the financial problem by raising seat prices during a recession. Lower attendances – 88 per cent capacity for opera, 83 per cent for ballet – accounted for £1m of the shortfall. The rest came from another of those niggling industrial disputes, this time involving the orchestra, which seem to have disappeared from the rest of British industry.

The Arts Council has given Covent Garden four years to wipe away its deficit. It hopes to deliver £1m of it in 1992-93, mainly by cutting overheads and expenses and saving on production costs. Isaacs argues that he has raised income from box office and sponsorship to the practical limit, reducing Covent Garden's dependence on subsidy from almost 60 per cent of turnover to 38 per cent. Now he is placing the future of the Royal Opera House in the hands of consultants.

Two such scrutinies are currently under way – one organised by the Arts Council and led by Lady Warnock, one commissioned by Covent Garden itself from Price Waterhouse. When these are completed at the end of the summer, some sort of deal should materialise. No doubt a few management flaws will be exposed; some savings, perhaps involving more redundancies, pinpointed. Covent Garden will wield the axe, and the Arts Council will promise more money – over a period.

Of course, in arts subsidy terms it will seem like a great deal of money. The Royal Opera House already gets £17.8m a year, much to the fury of smaller arts companies. Finally divesting itself of the Birmingham Royal Ballet could make the sums seem more reasonable.

But these days the final decision does not rest with the Arts Council. It will be the gift of David Mellor, the new Secretary for National Heritage, who is not known as a great lover of the Opera House. Fortunately an even more powerful figure, the Prime Minister, bolstered by his wife, believes that London must have a world ranking opera house. This should clinch the deal.

In the meantime, financial stringency means that Covent Garden has produced an attractively popular programme for 1992-93: the Glyndebourne production of *Porgy and Bess*; the rarely seen *Stiffelio* by Verdi; and two cut price new production's, Handel's *Alcina* and *La Damnation de Faust* by Berlioz. The revivals have an obvious box office appeal and include *Tosca*, *Fidelio*, *Otello* and *Madama Butterfly*. There are also appearances by Pavarotti, Domingo and Carreras – who, despite nightly fees in excess of £12,000, perform wonderfully at the box office, which is where the big dramas of the season will take place.

Financial stringency means that the Royal Opera House has produced an attractively popular programme for 1992-3

★

Has there been a dramatic sea change in the fortunes of Sotheby's and Christie's, who fight tooth and nail for supremacy in the world antiques market? Until the mid 1950s Christie's was traditionally dominant. Then Peter Wilson drove Sotheby's to the fore and in the last decade the entrepreneurial skills of its new American boss Alf Taubman extended its lead.

But in 1992 Christie's keeps on capturing the star lots and is certainly now the larger in the UK and Europe: it could end the season as the leading auction house in the world. In recently weeks it has sold a copy of Audubon's *Birds of America* for a record £2.3m; disposed of the Vung Tau cargo of sunken Chinese porcelain for £4m; brought in made a record £4.6m from the Compton sword collection; and sold a Canaletto to Andrew Lloyd Webber for £10.12m.

It is now poised to do better in the sector that Sotheby's pioneered so prosperously – Impressionist and modern art. Can it really be just two years ago when a Van Gogh sold in New York for $82.5m? Since then it has been downhill all the way. Estimates on some the Impressionists and Modern pictures on offer this May in New York are up to 50 per cent lower than on comparable art in 1990, sometimes more.

But at least the salerooms are prepared to risk offering important pictures. Here again Christie's has the edge, testing the market with a painting that provides a wonderful snapshot of current demand. Renoir's "La Loge" is a smaller, less finished, version of the famous painting in the Courtauld. In 1989 its German owner paid $12.1m for it. It now carries an estimate of $6m-$8m – and the reputation of Impressionist art.

Even more hangs on Braque's "Atelier VIII", his great late painting, which has an estimate of up to $10m and will set the tone for 20th century art. It has a curious history. Braque sold it to the collector Douglas Cooper on the understanding that it should never leave France. In 1972 Cooper adopted a young American, Bill McCarty, and left him the bulk of his fortune. McCarty-Cooper lived off the bequest but has now died of AIDS and the Braque is to be sold off in New York.

By Christie's, of course.

★

The Washington, nay the American, art establishment was rocked by the surprise resignation of the patrician Carter Brown from the directorship of the National Gallery of Art. Then came the shock news that the favoured successor, John Walsh of the Getty Museum at Malibu, had declined to take over. Rusty Powell of Los Angeles County Museum of Art will now be the new director.

★

Anyone seeking signs of the end of the recession should look no further than Brooks classic car auction on Thursday. Prices of classic cars have been in free fall since 1989. Now there are signs of a remarkable revival. A 1933 Alfa Romeo sold for £462,000 and a 1956 Jaguar D-Type for £429,000. Neither had a reserve: they just had to go, making the prices quite extraordinary. Even Ferraris were selling. Brooks is unusual among the car auctioneers in allowing prospective buyers to test drive some of the lots on offer. This seems to have converted potential buyers into keen bidders.

Selling off the family château

PARIS antique dealer Bernard Steinitz, purveyor of the very best in 18th-century French furniture, has been forced to sell off his country home, a Loire château no less, plus its entire contents, at considerable speed. Steinitz, who at the end of June opens new five-storey premises on Grafton Street in London and a new office in New York, says he had to sell the château to raise cash for yet another venture, a large auction house complex he plans to build in the Paris suburb of Saint Ouen.

Steinitz, who caused a stir in the Paris art world this month by resigning from the powerful group of antique dealers known as "Les Antiquaires à Paris", bought the 18-room Château Saint Paul de Cornillon 20 years ago complete with its furnishing. Perched on a rocky outcrop overlooking the Loire, the castle was built in the 13th century and restored in the 17th and 18th centuries.

Steinitz has put the property in the hands of estate agents and asked Jacques Tajan of the Paris auction firm Ader Tajan to sell the contents. The sale will be held in the castle during the last week of May. About 1,000 items will go under the hammer, a third of them top-quality furniture which Steinitz has acquired over the years. Experts are still on the spot inspecting the lots and a catalogue will not be ready until ten days before the auction, but Tajan gave an early and extremely cautious estimate of around Ffr20m for the whole lot.

Most of the furniture is 17th and 18th century. Outstanding items include 12 Louis XIV chairs in extremely fine condition; Henry IV chairs with original embroidered covers, Savonnerie carpets, 17th-century Cordoba leather wall hangings, period wood panelling of which Steinitz has the largest collection in the world, and a number of very fine French and Flemish cabinets.

For the past two years Steinitz has worked from a sumptuously-furnished "hotel particulier" on the Faubourg Saint Honoré. The site he plans to develop is some five acres of workshops and warehouses he bought from the firm Wonder in 1986 at Saint Ouen, to stock and restore furniture. At the time Wonder was in the hands of multi-millionaire businessman Bernard Tapie, last month appointed minister of the Town by president Mitterrand, and Steinitz has been quick to scotch rumours that the new member of the socialist government has played any role at all in his venture.

At the end of last year Steinitz finally obtained planning permission to build a large auction house, along with restoration workshops and office facilities for a transport company, plus a bank and a hotel. The whole scheme will employ a total of 1,600 people and the local council is supplying new roads. Steinitz says he aims to benefit from the new relaxed French legislation on auctioning to create an art market centre of European dimensions.

Nicholas Powell

New lease of life for G&S

THE LAST memory of the original D'Oyly Carte company is of a ramshackle *Ruddigore* during its final season at the *Adelphi* in the Strand, when the orchestra scratched and scraped its way through the score and the prompter was the person who usually got in with the best lines first. The next day it was announced that the company was closing for good.

At the time that was a punishment that seemed to fit the crime. Now the "New" D'Oyly Carte Opera Company has taken up the Gilbert and Sullivan inheritance. It has new headquarters in Birmingham and new productions to counter the charge that it is trying to revive an operatic corpse. Like its predecessor, it also goes on the road and this week arrived for a season in London at Sadler's Wells.

The two shows it has to offer are *The Mikado* and *The Yeomen of the Guard*. Although they prove to be very different evenings, they have one quality in common, which is a decidedly better standard of musical preparation than was heard during the dying gasps of the old D'Oyly Carte, with a strong chorus and reasonably alert orchestral playing. No need for the Mikado to deal out any executions there.

Unfortunately the productions are up and down – in the case of *The Mikado* thumbs down, right from the beginning. The place is Japan, as it should be, but with modern fixtures and fittings. Everything is slick with Japanese high-tech precision. The routines work to the split second. The smiles flick on and off at the touch of a switch and the characters are as heartfelt as comic automata. The controversial ENO production may have put the show in a wrongheaded setting, but at least it had people one could care about.

Reaction is likely to be conditioned by the way one responds to Ko-Ko, who comes on enveloped in an imposing cloak which opens to reveal nothing more than a pathetic, pint-sized wimp in pink leggings. From then on Fenton Gray works overtime to get a laugh and by the end you are exhausted, even if he is not. John Rath's Mikado and Jill Pert's Katisha are nearer the mark. But there is something wrong with a *Mikado* when one does not care whether Yum-Yum and Nanki-Poo get it together or not.

There are few affectionate smiles on the way in that production. But if *The Yeomen of the Guard* invites still fewer, it is because the work itself is less sharp in comic content and Andrew Wickes, the producer of both pieces, this time shows a more sympathetic understanding of his subject. In the text the Tower of London is described as "the cruel giant in a fairy-tale" and the designs by James Hendy, atmospherically lit, catch just the right Victorian Gothic quality.

The cast includes many of the same singers, with John Rath again resonantly imposing as the Lieutenant and Janine Roebuck a warm Phoebe. Terence Sharpe sings strongly as Sergeant Meryll and Gary Montaine makes Shadbolt a less odious creature than usual. In short, the relationships work and the comedy is natural. For those who look upon two G&S shows in a week as too much of a good thing, this is the one to choose.

Richard Fairman

Sadler's Wells (071 278-8916)
Season runs until May 16

Fenton Gray and John Rath in the D'Oyly Carte 'Mikado'

ARTS

'Yellow Table' by Benjamin Creme at Cyril Gerber Fine Art

All eyes on Mayfest

***William Packer** sneaks a preview of the Glasgow galleries participating in this month's festivities*

IN THE few years since its inception, Glasgow's *Mayfest* has become an important fixture in the British cultural calendar. Natural civic pride and rivalry apart, it is hardly yet the equal of Edinburgh as an international festival of the arts, but who would now say, with enthusiasm on the one side, and complacency on the other, that a full reversal of the relative positions was impossible?

So far as the visual arts are concerned, the issue is already nicely balanced. Glasgow may not yet boast the major exhibitions which Edinburgh's museums have always the good sense to offer at festival time, with the city full of visitors. But that effort is usually qualified by a wish to distance it from the Festival as such, opening particular shows well beforehand and running them on long afterwards. As for the Festival authorities, their current advance literature is innocent of any reference to the visual arts at all.

But *Mayfest* has always integrated the visual element into its programme. This year there may be no single outstanding offering, but across the spectrum, from public to private, some 15 galleries are participating, with all but two of them open by this weekend, and a further eight listed in association.

To try the flavour, I visited four shows, one of which, at the Collins Gallery (22 Richmond Street: until June 6), with the opening due on Friday night, was on Thursday morning but a flurry of carpentry, paint and wallpaper and a gleam in the artist's eye. "Access", by Jim Buckley, is to be an installation that takes further the images he first developed in his sculpture. This he based on the old peep-show principle, making boxes with interiors that proposed their own imaginative scale and reality.

Here, in one darkened gold-papered room, Buckley has set into the wall four large display transparencies taken from the boxes he showed in *Kunst Europa* in Germany last year, the images imagined, richly decorated, sanctuary-like interiors. The other room, white and light, holds seven peepholes through which to view photographic details of actual architectural interiors found in the city itself.

Cyril Gerber was the first dealer to bring modern and contemporary art to Glasgow, and he stands naturally at the heart of Mayfest. At his personal gallery (148 West Regent Street: until May 23) he shows Benjamin Creme, a Glaswegian painter now 70 but long neglected. The work here is of the 1940s, when Creme was taken up by the emigré Polish painters Josef Herman and Jankel Adler then living in Glasgow, and the 1950s when he was in London and one of the circle of Minton, MacBryde, Colquhoun and others. The figure drawings and paintings are especially interesting, sophisticated in their modernism, after Braque and Matisse, yet direct and personal in feeling and character.

Up the road at his Compass Gallery (178 West Regent Street: until May 21), Gerber is showing the recent work of a most distinctive Scottish printmaker, Elspeth Lamb. With her "Cornerstones", she offers us the fruit of a recent visit to Mexico where she was particularly taken both by the popular festivals of the Day of the Dead and the ancient architectural carvings and hieroglyphs of Chichen Itza, Teotihuacan and Quetzalcoatl.

But what makes her show remarkable is not so much the imagery as the medium by which she has developed and quite literally expressed it. Making the paper herself, saturating the pulp with pigment, she at once simplifies and concentrates the image while impressing it into the very fabric of her material. The paper is itself the image: and rich and dense and beautiful too.

The Transmission Gallery (28 King Street) is a co-operative run by a changing committee of five artists to show not their own but the work of artists they would wish to see. Throughout May it offers a group show – a collaborative relief-cum-lightwork by Paul Maguire and Simon Starling, consisting of three isometric cubes, small, medium and large, described by white neon tubes; four cibachrome prints of a leather holster, by Michael McDonough; and a set of of ironically dispassionate photographs of taped and sand-bagged windows, taken in Zagreb last November by Donald Urquhart. Small, black and white, the format insistent in its simple frontality, the plastic bags oddly disturbing in the way they are heaped and trussed, they are rather impressive.

Alastair Muir

Robert Lepage in his 'Needles and Opium' at the Cottesloe

Lepage catches the blues

IF YOU want to see a truly pretentious, self-indulgent bit of theatre, hurry to the Cottesloe where there only 16 performances of *Needles and Opium*, described as "a new solo piece written, performed and directed by Robert Lepage".

One line in the text just about sums it up: "Jean-Paul Sartre doesn't live here any more." The monologue goes on: "In other words, he's been dead for about 10 years," and, here I begin to paraphrase, "but since the caller didn't believe me, I told him to call back later."

The date is roughly accurate. Sartre, the French playwright and philosopher whose name will be forever coupled with existentialism and Simone de Beauvoir, died in 1980. You can be forgiven for thinking that he disappeared many years earlier. It is remarkable that anyone should wish to bring him back.

Also making a comeback is Jean Cocteau, another French writer described in *Needles and Opium* as "the prince of French poets". On the strength of a 20 day visit to New York in 1949, on the aeroplane back to Paris he wrote a "Letter to the Americans" telling them that the new world was not so bad after all: it had such wonderful jazz. "I know that bible trumpet, that trumpet dear to black people," Cocteau explained. "When Louis Armstrong puts it to his lips the sound rises to an angel's cry. What does this cry mean?" Lepage may be trying to tell us.

At the same time as Cocteau went to the US, Miles Davis was making his first visit to Europe. He was even more impressed by the old world than Cocteau was by the new. He met Sartre, Picasso and Juliette Greco and was so miserable about returning to America that on the flight home he was unable to speak. This, one supposes, is the Franco-American synthesis: American jazz and French intellectualism. One day, we are told, a bit of Davis's lip fell off into his trumpet "like sperm into a womb": It was the birth of the Miles sound.

Of the two good things in this production, one is the playing of some of the Davis music in the background. The other is the versatility and charm of Lepage as he leaps about flying the Atlantic and talking on the telephone. The rest is dire. A lot of the action, such as it is, takes place on screen; from behind the scenes come the recurrent sounds of a female orgasm.

Lepage is director of French Theatre at Canada's National Arts Centre and has a high international reputation. On the evidence of *Needles and Opium* he is living in the 1960s, when he might have been thought adventurous. One looks forward with curiosity to his production of *A Midsummer Night's Dream* at the Royal National Theatre in July. At least he will have better material.

Malcolm Rutherford

In repertory at the Cottesloe in association with Cultural Industry Ltd. (071) 928 2252

Radio

Switched on to suicide

SOCIAL PROBLEMS liable to affect the young people who listen to Radio 1 (sex, drugs and so on) are sometimes treated there with the same understanding as they pay to more everyday concerns. On Wednesday of this week, Mark Goodier presented the first of four sessions on the current problem: suicide.

This is now the third commonest cause of death among our under-25s, and for every death there are 20 attempts. Two examples were examined, a boy and a girl, neither of whom had given any warning. Wisely, we heard not psychiatrists' but family voices, the kind of voice that would be easily accessible to the sufferer. The programme centred on the need to discuss distress with others – if not a friend or relation, then the Samaritans. The Samaritans' number was given constantly during the programme, 0345-909090. It is *always* available.

Older listeners should have heard *New Men into Wild Men* (Radio 4, Thursday). Nigel Farrell bravely joined a weekend test of the principles laid down by Robert Bly for the American Men's Movement. They seek to restore the masculinity men lose by subjection to parents, fathers especially. Physical exercise is evidently not the answer, but day-long drumming and dancing, blowing out, hard, "to expel the angry child", and, most of all, listening to stories. Stories about the faults of fathers, mostly, but also made-up stories, like the long saga of the pig-herder and the princess. Well, there were 110 men with Farrell, and each paid £300, so watch out for the new masculine men. Rachel Yorke (feminine) was producer.

Sydney Smith, the subject of Radio 4's four-part Wednesday feature by Roderick Graham, *Trumpets and Foie Gras*, was called "one of the best of men", not for drumming but mainly for his wit. He rates a page and a half in *The Oxford Dictionary of Quotations*, and he made sure that his wit reached the right people, inviting them if necessary to such items as his lectures on Moral Philosophy ("the most successful swindle of the season," as he put it).

Wit is an ideal latchkey into a radio feature; but there was more to Smith than fun. In the first programme alone, he has been to Winchester and Oxford (hating both), been a tutor, a curate or better in three counties (as compelled by the Clerical Residency Act), married, worked on the *Edinburgh Review*, begun campaigns against the game laws and for Catholic emancipation. Never a statesman, not even a bishop, Smith was listened to and admired, as he still is, in Robert Lang's convincing performance. Jane Morgan directs these enjoyable programmes.

Of *Hamlet* I have already written. Perry Pontac's absurd *Hamlet Part II* (Radio 3, Monday) had nothing in common with it but iambic pentameters and all those names. Seltazar, a Danish ambassador, returns after absence abroad to find everyone he (and we) knew is dead. He marries Claudius's bastard daughter and resolves to seize the throne. Enter the Ghost, still alive and keen to resume his reign. So Seltazar re-murders him; but the Ghost, having foreseen this, has poisoned him. If they really needed a Part *II*, why not Alethea Hayter's *Horatio's Version* (Faber, 1972), very funny, and actually based on *Hamlet*?

A Different Woman (Radio 4, Tuesday) was by Perry Pontac in a slightly better vein. Ageing plastic surgeon Dr Bratcher (Peter Jeffrey) marries his ugly, stupid servant Melda (Alison Steadman), intending to turn her surgically into a beauty and so earn himself a reputation. Successfully beautified, however, she naturally elopes with the first more attractive chap to ask her. Not a bad joke, though only extended to 30 minutes by Pontac's way of making lists of everything. Richard Wortley directed both of these.

B.A. Young

Dance/Clement Crisp

Rambert workshops

THE RAMBERT tradition of finding new choreographers – as old as the company, and hence as old as our ballet in this century – continues with this week's creative workshops at Riverside Studios. Six dancers from the company have produced new work. In commenting upon such shorn lambs, critical wind has to be tempered. That these debutants have made dances worth showing to the public is in itself an achievement. An awful lot of nonsense litters the modern dance scene. (I treasure the memory of Marie Rambert storming out of one performance in the 1960s, tossing away her programme with a ringing declaration of "rubbish", as a proper response). The present Rambert editorial process has saved us from anything too embarrassing, and though the new works are uneven, none disgraces the company name.

Solos by Glenn Wilkinson and Gary Lambert were evidence of the influence exerted by Laurie Booth. Both creators are plainly taken by the curving lines of dynamics that mark Booth's choreography for himself. Both extend this manner in terms of their own considerable technical skills. Wilkinson's dance looks lighter in musculature, movement oiling over the stage (though he seems occasionally to have been trapped into awkward transitions). It is mercurial, attractive. Lambert's solo is set to rap poetry, whose images provide occasional pauses and gestural references for a dance that is exact in its phrasing, stimulating (and taxing) in its flow of energy. Both pieces are well worth watching.

I liked, too, Sara Matthews' *Passing Through* which has the audacity to use the andante from Beethoven's "Ghost" trio. Seven dancers in pale costumes cross the stage, return for solos and duets, and their movement never offends Beethoven. It is quiet, contemplative dance, with particularly touching work for Jacqueline Jones and Paul Old, particularly well done. Impossible to expect the choreography to reveal even part of what the music does, but the matching of mood for mood is sensitive,and the movement is fluent, grateful to watch.

Two studies, by Colin Poole and Sarah Worsop, were necessary exercises by apprentice talents, but I found Mark Baldwin's *Gone* altogether more considerable. Using Grieg piano music, he offered a series of half-serious, half-mocking movement sketches that sat with an off-beat appositeness upon the music's naivetés. Lee Boggess behaved like a strange bird; Amanda Britton drew unexpected shapes; other dancers ran, posed, were caught up in a secret world of games and relationships. There were moments that seemed bland, but Mark Baldwin is a choreographer. And as a traveller's note, let me again record that Hammersmith's abominable metro station and underpasses is a hell-spot, dangerous, confusing, hideous.

Rambert Dance Company workshops continue at Riverside Studios until May 2

Chess No 921: 1 Re8! Rxe8 2 bxe8Q Bxe8 3 Bxc5 Bxc5 4 Qe8! Resigns. White mates by Qg8 or Qxe8, or reaches an endgame a rook up.

TELEVISION

SATURDAY

BBC1

6.25 Open University. 7.25 News. 7.30 Hallo Spencer. 7.50 Babar. 8.15 The Jetsons. 8.35 Round the Twist. 9.00 Parallel 9.

10.55 World Snooker. Semi-finals from The Crucible, Sheffield.
12.27 Weather.
12.30 Grandstand. Introduced by Steve Rider, live from Wembley. Including at 12.35 Rugby League Preview, and World Snooker, from The Crucible, Sheffield. 12.55 Racing from Haydock Park: 1.00 The Doulton Allied Insulators Handicap. 1.05 News. 1.10 Rugby League: Preview continued. 1.25 Racing: 1.30 The Sir Richard Fairey Memorial Fillies Stakes. 1.35 Rugby League. 1.55 Racing: 2.00 The Fairey Group Spring Trophy. 2.05 Rugby League: Full live coverage of the Challenge Cup Final between Castleford and Wigan at Wembley. Commentators are Ray French, Alex Murphy and Ross Strudwick. 4.30 Football: Previewing next month's European Championships. 4.40 Final Score. Times may vary.
5.10 News.
5.20 Regional News and Sport.
5.25 Stay Tooned!
5.50 Jim'll Fix It.
6.25 That's Showbusiness.
6.55 Film: K-9. James Belushi stars as a cop on the trail of a bunch of ruthless drug dealers. His desire to catch the villains makes him so difficult to work with that he's given a dog as a partner (1989).
8.30 On the Up. Last in series of Bob Larbey's rags-to-riches comedy, starring Dennis Waterman.
9.00 News and Sport; Weather.
9.20 Casualty.
10.10 That's Life! Following the launch last week of the programme's campaign against bullying, Esther Rantzen meets 11-year-old Katie Smith, who talks frankly about her own experiences. Michele Elliot from Kidscape suggests ways of responding to bullying.
10.50 Film: Grievous Bodily Harm. An investigative reporter uncovers a link between a man's belief that his dead wife is still alive, and a series of murders. Australian thriller, starring Colin Friels and John Waters (1988).
12.25 Film: The Monster That Challenged the World starring Tim Holt (1957).
1.50 Weather.
1.55 Close.

BBC2

6.40 Open University.

3.00 Art in the Third Reich. The use of media propaganda by the Third Reich, which became the most effective means of controlling public opinion, and was considered by Hitler to be an art form.
4.00 Big Bill – The Story of the Heron. The life of a European grey heron, from hatching to its hazardous existence in the nest.
4.30 World Snooker. Coverage of the semi-finals from The Crucible, Sheffield.
6.00 Rugby Special. Highlights of this afternoon's Pilkington Cup Final from Twickenham, between defending champions Harlequins and Bath. Introduced by Chris Rea.
7.00 News and Sport; Weather.
7.15 Kenneth Clark's Rembrandt. The 1640s witnessed the Rembrandt's financial ruin and the production of some of his finest portraits. Kenneth Clark examines the reasons for the artist's withdrawal from a successful life.
7.45 World Snooker. The final session of the second semi-final. Further coverage at 9.50.
8.30 Have I Got News for You? Team captains Ian Hislop and Paul Merton are joined by Joan Bakewell and Donna McPhail in the comedy quiz that looks behind and underneath the headlines. Angus Deayton is the host.
9.00 Rhythms of the World. Featuring Zap Mama, a diverse all-female a cappella band from Belgium. This programme explores the variety of influences on the band's music.
9.50 World Snooker. David Vine presents the conclusion of today's second semi-final.
12.00 Film: True Stories. Offbeat exploration of a fictional Texas town and the lives of its eccentric inhabitants. Directed by and starring David Byrne, of Talking Heads fame, with John Goodman, Jo Harvey Allen, Alix Elias, Spalding Gray and Annie McEnroe (1986).
1.30 Close.

LWT

6.00 TV-am. 9.25 Gimme 5. 11.30 Zorro. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News.
1.10 Saint and Greavsie. Ian St John and Jimmy Greaves look at the league action as the seasons in England and Scotland reach their climax. As the last games are played, relegations and promotions are decided.
1.55 The Day.
2.00 Starting from Scratch. New series. Bill Daily stars as a small-town vet coping with the problems of teenage children and an ex-wife.
2.30 Cartoon Time.
2.55 Film: McCloud: Million Dollar Round Up. A trail of murders from Rome to New York leads McCloud to a $2 million statue sought by several shady characters. Dennis Weaver stars.
4.45 Results Service. The day's football scores.
5.00 ITN News; Weather.
5.05 LWT News and Weather.
5.15 Cartoon Time.
5.20 Only Joking. Bradley Walsh hosts the madcap family entertainment show, where all kinds of people from traffic wardens to taxi drivers tell their favourite jokes.
5.50 Beverly Hills 90210.
6.45 Wayne Dobson: A Kind of Magic. Pauline Quirke joins Wayne as his glamorous assistant. Merlin the Macaw performs a card trick and Ringo Rabbit proves he can fly.
7.15 Bob's Your Uncle.
8.00 Perfect Scoundrels. Starring Peter Bowles and Bryan Murray.
9.00 ITN News; Weather.
9.15 LWT Weather.
9.20 Frankie Howerd on Campus. Denis Norden introduces two programmes shown as a tribute to Frankie Howerd, who died last month, in this special show from the Oxford Union Society, Frankie fields questions from an enthusiastic audience of students.
10.20 Film: Up Pompeii. Frankie Howerd stars. Film version of the TV series (1971).
12.00 Tour of Duty.
1.00 Get Stuffed; ITN News Headlines.
1.05 WCW Pro Wrestling.
1.55 Get Stuffed; ITN News Headlines.
2.00 New Music.
3.00 Bhangra Beat.
3.30 Indy Car Racing.
4.25 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Sign On: Newswatch. 10.30 Film: The Lone Wolf Keeps a Date. 11.40 The Three Stooges. 12.00 Get Smart. 12.30 pm Sumo.

1.00 Film: International House. Farce about a group of travellers quarantined in a Shanghai hotel where an eccentric inventor demonstrates his latest machine – the television. Starring WC Fields and George Burns (1933).
2.15 Racing from Newmarket. Including the 2.30 Mayer Parry Handicap. 3.00 Philip Cornes Nickel Alloys Stakes. 3.40 General Accident 2,000 Guineas Stakes. 4.15 Palace House Stakes and 4.45 Ladbrokes Handicap.
5.05 Brookside.
6.30 Right to Reply. Viewer Tahmineh Idress asks why weather forecasts seem too complicated for the ordinary viewer. Plus discussion on this week's television.
7.00 A Week in Politics. A look at what is at stake in the contest to elect a new leader of the Labour Party. Women at Westminster: there are more women MPs than ever before, plus the first female Speaker. New girls Olga Maitland (Conservative) and Bridget Prentice (Labour) take advice on what to expect.
8.00 TV Heaven: Introduction. Frank Muir plunders the TV archives for an evening of programmes from 1968.
8.05 Please Sir.
9.15 The World of Whicker. Alan Whicker tracks down Percy Shaw, the self-made multi-millionaire Yorkshireman who invented Cat-seye road studs.
9.55 Do Not Adjust Your Set. A pre-Python sketch show featuring Eric Idle, Michael Palin, Terry Jones, Denise Coffey and The Bonzo Dog Doo-Dah Band.
10.25 The Prisoner. Patrick McGoohan stars as the enigmatic Number Six. This episode offers an alternative reality, featuring a dashing secret agent, a villain and a girl who claims to be Death.
11.30 The Making of A Brief History of Time. How Professor Stephen Hawking's best-seller was made into an award-winning documentary.
12.00 Mary Black Live at the Albert Hall.
1.00 Film: Some Kind of Hero. Comedy drama, starring Richard Pryor (1982).
2.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 1.05 Anglia News. 1.55 Cartoon Time. 2.10 Starting from Scratch. 2.40 Chequered Flag. 3.10 Carry on Sergeant. (1959) 5.05 Anglia News and Sport 9.15 Regional Weather.

BORDER: 1.05 Border News. 1.55 Chequered Flag. 2.25 The Best and the Worst of Sport. 3.25 The A-Team. 4.20 Dinosaurs. 5.05 Border News.

CENTRAL: 1.05 Central News 1.55 Chequered Flag. 2.25 The Caine Mutiny. (1954) 5.05 Central News 5.10 Central Sports Special – Goals Extra.

CHANNEL: 11.30 Blockbusters. 1.05 Diary Dates. 1.55 The Lion. (1962) 3.40 Family Theatre. 4.35 Cartoon. 5.05 Channel News. 5.10 Puffin's Pla(i)ce.

GRAMPIAN: 11.30 Dinosaurs. 1.05 Grampian Headlines 1.55 Crann Tara. 2.25 The Spaniard's Curse. (1958) 3.45 Hard Time on Planet Earth. 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Cuirm Cloinne 9.15 Grampian Weather.

GRANADA: 11.30 Express! 1.05 Granada News 1.55 The Life and Times of Grizzly Adams. 2.50 Up in Arms. (1944) 5.05 Granada News 5.10 Granada Goals Extra. 5.30 Only Joking. 6.00 Beverly Hills 90210.

HTV: 11.30 This is America, Charlie Brown. 1.05 HTV News. 1.55 US PGA Golf 1992. 2.55 Chequered Flag. 3.25 The Angel Who Pawned Her Harp. (1954) 5.05 HTV News and Sport. 5.15 Cartoon Time.

SCOTTISH: 11.30 Children's Island. 1.05 Scotland Today. 1.55 Bigfoot Strikes Again. 3.00 Disney's MGM Studio Theme Park. 4.45 Scotsport Results. 5.05 Scotland Today. 5.15 Cartoon Time. 9.15 Scottish Weather. 10.20 Nasty Hero. (1987) 11.55 The Young Riders.

TSW: 11.30 The South West Week. 1.05 TSW News. 1.55 The A-Team. 2.50 McCloud: Lady on the Run. (1974) 5.15 Gus Honeybun's Cartoon Time. 9.15 TSW Weather.

TVS: 11.30 Blockbusters. 1.05 TVS News. 1.55 The Lion. (1962) 3.40 Family Theatre. 4.35 Cartoon. 5.05 TVS News.

TYNE TEES: 11.30 My Secret Identity. 1.05 Regional News. 1.55 Cobblestones, Cottages and Castles. 2.25 Chequered Flag. 2.55 The Biggest Bank Robbery. (1980) 5.05 Northern Life Sport Special.

ULSTER: 1.05 Ulster Newstime 1.50 Saturday Sport. 1.55 Budo Sai. 2.25 Superstars of Wrestling. 3.20 Cartoons. 3.40 The A-Team. 5.05 Ulster Newstime. 5.10 Ulster Sport 9.15 Ulster Newstime

YORKSHIRE: 11.30 My Secret Identity. 1.05 Calendar News. 1.55 The A-Team. 2.50 Cartoon Time. 3.10 Carry on Constable. (1959) 5.05 Calendar News.

S4C Wales as Channel 4 except:- 10.00 Jeifin. 10.30 Sesame Street. 11.30 Flipper. 7.00 Newyddion Nos Sadwrn. 7.15 Nos Sadwrn. 8.05 Teulu'r Mans. 8.35 Smecer. 9.20 Evening Shade. 9.50 TV Heaven: Introduction. 9.55 George and the Dragon. 10.45 Dare I Weep, Dare I Mourn. 11.55 Danger Man.

SUNDAY

BBC1

8.50 Playdays. 9.10 News. 9.15 Telling Tales. 9.30 This is the Day. 10.00 See Hear! 10.30 Hindu Urdu Bol Chaal. 10.55 Fast Feasts. 11.00 Business Matters. 11.30 Work is a Four-Letter Word.

12.00 Bazaar.
12.25 Experiment: Perpetual motion.
12.30 CountryFile. Rupert Segar discovers how rats are rife in certain areas and Caroline Jones reports on drought.
12.55 Weather for the Week Ahead.
1.00 News; On the Record. Margaret Beckett MP with Jonathan Dimbleby, plus a report from Scotland on the problems facing the Labour Party there.
2.00 EastEnders.
3.00 Film: The Count of Monte-Cristo starring Richard Chamberlain (TVM 1975).
4.40 Eurovision Song Contest. Gloria Hunniford previews entries from countries including Finland, Switzerland and Luxembourg. Plus, the UK entry, One Step Out of Time, sung by Michael Ball.
5.25 Steven Spielberg's Amazing Stories.
5.50 Masterchef 1992. The search continues for the best amateur chef in Britain. Three competitors from the Midlands compete under the eye of Loyd Grossman. With guest judges Caroline Waldegrave and Patrick Moore.
6.25 News.
6.40 Praise Be! New series.
7.15 Don't Tell Father.
7.45 Strathblair.
8.35 Whicker's World. New series. Alan Whicker last reported from Spain during Franco's dictatorship. He returns to find a colourful and modern country at the centre of international events, notably this summer's Olympic Games. He meets a priest with a chain of restaurants and a British diplomat who married by post.
9.05 Screaming.
9.35 News and Weather.
9.50 Mastermind.
10.20 Everyman: Remaking the World. The second in the series of stories on religious fundamentalism visits Bob Jones University where US Protestant fundamentalists are waging a passionate war against America's moral decline.
11.10 Grand Prix. Highlights of the Spanish Grand Prix.
11.50 How Do You Manage?
12.20 Dear John: USA.
12.45 Weather.
12.50 Close.

BBC2

8.25 Open University. 12.00 Around Westminster.

12.30 Sunday Grandstand. Introduced by Steve Rider. Including at 12.35 Motor Racing from the Spanish Grand Prix in Barcelona. Murray Walker and James Hunt provide the commentary. 2.50 World Snooker: The first session of the final from Sheffield. 5.00 The Hockey Association Cup Final between Hounslow and Teddington. 5.40 Formula Three: Round four of the British Championship from Brands Hatch. Commentary by Murray Walker. 6.00 Rugby: Highlights of the finals in the Rugby League Challenge Cup at Wembley, and Rugby Union Pilkington Cup at Twickenham.
6.35 The Money Programme. Can Olympia & York, developers of Canary Wharf, overcome financial problems? Plus, the first extended television interview with Steve Miller, the former Chrysler executive drafted in to lead the negotiations with the banks.
7.15 Ed Case Launches One World! 'Intergalactic' comedian and magician Ed Case introduces a six-week series of programmes confronting viewers with global issues.
7.20 The Years That Rocked the Planet. A 'green' Rock 'n' Roll Years special, charting the growing concern for the state of the planet over the last 25 years. Shown as part of the One World season.
8.05 The Natural World. Tanzania's threatened Mpingo tree is uniting musicians throughout the world with the landscapes of East Africa. Sir David Attenborough tells its story.
8.55 The Life Trilogy. Sir David Attenborough looks back at the making of Life on Earth, The Living Planet, and Trials of Life.
9.00 World Snooker. The final, from The Crucible, Sheffield.
10.20 Film: Lucia. First in the Developing World series of films. Directed by Mel Chiongio, Lucia tells the dramatic story of a rural Filipino family who are forced by pollution to move to the city.
11.50 World Snooker. David Vine introduces highlights of the first day of the final.
12.15 Close.

LWT

6.00 TV-am. 9.25 Come Fly with Disney. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 Visions. Should the Commission for Racial Equality extend its brief to cover religious discrimination? Plus, the Sioux tribe which has revived an ancient Red Indian religion. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.
1.10 Walden. With guest Shadow Chancellor and Labour leadership candidate John Smith; The Day.
2.05 Great Moments in Disney Animation. Carol Burnett pays tribute to 50 years of Disney animation.
3.00 Film: John and Julie. Vintage comedy about two British children who run away to see the Queen's coronation (1955).
4.30 The American Match. The programme includes highlights of the London Monarchs' game against Sacramento Surge and the match between Barcelona Dragons and Birmingham Fire.
5.30 Dogs with Dunbar. How to channel rather than change a dog's behaviour.
6.00 Gardening Roadshow. New series. Presented by Jeni Barnett, Roddy Llewellyn and Daphne Foulsham. The team get to work on an old coach house in North London, turning a suburban garden into a mini paradise.
6.30 ITN News; Weather.
6.35 LWT News.
6.40 Cathedral. Last in series.
7.15 The Piglet Files.
7.45 Forever Green. Freddy suspects Lord Corwen of hare coursing and decides to protest against the cruel sport. An old friend of Jack pays a surprise visit, but he has an ulterior motive. Starring John Alderton and Pauline Collins.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 Jeeves and Wooster.
10.05 Spitting Image.
10.35 Celebration. The programme follows photographer Simon Marsden and writer Colin Wilson to a number of sites that have inspired some of the greatest ghost stories; The Day.
11.35 Cue the Music.
12.40 Derrick.
1.50 The ITV Chart Show.
2.45 Film: Hercules Unchained starring Steve Reeves (1959).
4.30 Pick of the Week.
4.55 Out of Limits.
5.00 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.45 Dennis. 11.00 Beat That. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.
1.55 Film: Bye Bye Birdie. Before a rock 'n' roll star joins the army, he visits a small town to stage one last show for his adoring fans. Musical, starring Janet Leigh and Dick Van Dyke (1963).
4.00 Arlott in Conversation with Mike Brearley. Cricket commentator John Arlott talks about poetry, politics, food, wine and football.
4.55 News.
5.00 Unforgettable, with Love: Natalie Cole Sings the Songs of Nat King Cole. The famous singer's daughter performs her own interpretations of his trademark melodies, including the classics Mona Lisa and The Very Thought of You.
6.00 Press Gang.
6.30 The Wonder Years.
7.00 Fragile Earth: A Drop in the Ocean. Every year, millions of tons of sewage is dumped into the North Sea and pours from the rivers of Western Europe. This film assesses recent measures to make the sea cleaner and safer.
8.00 Hard News. Andrew Knight, the Executive chairman of News International, responds to last week's report by Roy Hattersley on whether the Tory tabloids were responsible for Labour's election defeat. Knight argues that the tabloids are but one source of information and opinion among many and that Labour has overestimated their influence. Plus, a report on press coverage of sexual harassment. Should there be new restrictions on reporting these hearings?
8.30 A Brief History of Time. Errol Morris' distinctive interpretation of Professor Stephen Hawking's best-selling exploration of the cosmos, reflecting on fate, the nature of time and the existence of God.
10.00 Film: High Hopes. A family of misfits gather to celebrate their mother's birthday. Comedy drama, starring Philip Davis (1988).
12.05 Film: The Summer of Aviya. A young girl's unhappy relationship with her mother reaches crisis point during a summer holiday. Drama from Israel, starring Gila Almagor (1988).
1.50 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.25 Goals Galore. 12.55 Anglia News. 2.00 The Life and Times of Grizzly Adams. 2.55 Cartoon Time. 3.05 The Best and Worst of Sport. 4.05 Hannibal Brooks. (1969) 6.00 A Village In. 6.35 Anglia News.

BORDER: 12.30 Gardening Time. 12.55 Border News. 2.00 An Invitation to Remember. 2.30 Heidi. 2.55 Animal Country. 3.25 Kidnapped to Mystery Island. 5.00 Dogs with Dunbar. 5.30 Scotsport. 6.35 Border News. 11.35 Prisoner: Cell Block H.

CENTRAL: 10.15 Heidi. 12.30 Gardening Time. 12.55 Central News 2.00 Great Planes. 2.30 Wheels in Sport. 3.20 The Prince and the Pauper. (1962) 5.30 Just for Laughs. 6.00 Trailblazers. 6.35 Central News 11.35 Walkathon. 11.45 Dangerous Women.

CHANNEL: 12.30 Reflections. 12.35 Les Français Chez-Vous. 12.50 Tele-Jornal. 2.00 Davy Crockett. 2.55 The 300 Spartans. (1962) 5.00 Trailblazers. 5.30 Tell The Truth. 6.00 The Gardening Roadshow. 6.35 Channel News.

GRAMPIAN: 10.45 Under the Mountain. 11.15 Let's Rejoice. 11.45 Link. 12.30 My Secret Identity. 12.55 Grampian Headlines. 2.00 Paris. 3.05 Crooks and Coronets. 5.00 The Way It Was. 6.35 Grampian Headlines. 11.35 Prisoner: Cell Block H.

GRANADA: 10.20 Heidi. 12.25 Granada This Week. 12.55 Granada News 2.00 The Assassination Bureau. (1969) 4.10 The A-Team. 5.00 Granada Action with the A-Team. 5.30 Coronation Street. 6.35 Granada News 11.35 Prisoner: Cell Block H.

HTV: 12.30 West Country Farming. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 Bhowani Junction. (1956) 5.30 Budo Sai. 6.00 House Style. 6.35 HTV News.

SCOTTISH: 9.25 The Magic of Doctor Snuggles. 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Let's Rejoice. 12.30 Jimmy Shand 84th Birthday Tribute. 12.55 Scotland Today. 2.00 Cartoon. 2.10 The Last Days of Sodom and Gomorrah. 4.20 Backstage. 4.30 Bullseye. 5.00 Scotsport. 6.00 Life Stories. 6.35 Scotland Today. 11.35 Death Ride to Osaka. (TVM 1983)

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.00 Tora! Tora! Tora! (1970) 4.45 The Life and Times of Grizzly Adams. 5.40 Gus Honeybun's Cartoon Time. 6.00 House Style. 6.35 TSW News. 11.35 Magnum.

TVS: 12.30 TVS News. 12.35 Agenda. 2.00 Davy Crockett. 2.55 The 300 Spartans. (1962) 5.00 Trailblazers. 5.30 Tell The Truth. 6.00 The Gardening Roadshow. 6.35 TVS News.

TYNE TEES: 12.25 Earthmovers. 12.55 Regional News. 2.00 Highway to Heaven. 2.55 The Back Page. 3.25 Wild River. (1960) 5.30 Robinson Crusoe. 6.35 Regional News. 11.35 Prisoner: Cell Block H.

YORKSHIRE: 9.25 Melody Time. 12.25 Goals on Sunday. 12.50 Calendar News and Weather 2.00 Highway to Heaven. 3.00 Nine Hours to Rama. 5.25 Road Runner. 5.30 Robinson Crusoe. 6.35 Calendar News. 11.25 The Law and Harry McGraw.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Gyles Brandreth. 1.00 The Goon Show. [illegible]
12.00 News. 12.05 Close.

BBC RADIO 4
[illegible]

BBC RADIO 5
[illegible]

... Anniversary. 10.45 Beloved Country. 11.00 Richard Baker Compares Notes. 11.30 Dear Diary. [illegible]

WORLD SERVICE
... View. 10.45 Sports Roundup. 11.00 News Summary; Jazz Now and Then. 11.15 Club 648. 11.30 Londres Midi. 11.45 Mittagsmagazin. [illegible]

SUNDAY

BBC RADIO 2
7.00 Don MacLean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Duets for Four. 4.30 Sing [illegible]

BBC RADIO 3
[illegible]

BBC RADIO 4
6.10 Prelude. 6.30 Morning Has Broken. 7.00 News. 7.10 Sunday Papers. 7.15 The Living World. 7.40 Sunday. [illegible]
11.45 Before the Ending of the Day. 12.00 News. 12.33 Shipping Forecast.

BBC RADIO 5
[illegible]

WORLD SERVICE
... Stars. 10.30 Folk in Britain. 10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 The Ken [illegible]

CHESS

NIGEL SHORT won a historic match in splendid style this week when he defeated Anatoly Karpov 6-4 in Linares to become the first Briton to qualify for the world championship candidates final. If he can outwit Jan Timman of the Netherlands next January, Short will challenge Gary Kasparov for the title at Los Angeles in August 1993.

After a poor start, Short grew in stature as the series progressed, and games eight and ten were his best. Karpov had never lost a match except to Kasparov, but had a terrible time with black, losing four in a row. For all his experience, he made the basic error of abandoning his solid Caro-Kann 1 e4 c6 for open play which encouraged Short's dynamic attacks.

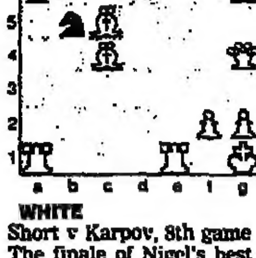
Short now enters a stratospheric financial league. The prize fund for the Timman match is £110,000, topped up by £370,000 from Hegener and Glaser, makers of Mephisto chess computers, for the first westerner to qualify to meet Kasparov. The world title match will have £2.3m at stake from the promotional group Intermark. It is a long time since from Jim Slater's £50,000 persuaded Fischer to play Spassky in 1972.

The chess press has written off Timman, but he could spoil the party. He has yearned for the world title and was galvanised into the best form of his career by Kasparov's slighting remark that "Timman is the only candidate without a chance". Short's weakness has often been a casual approach to weaker rivals.

Meanwhile, next year's title match will be the first since Fischer-Spassky without Karpov. Short has ended an era of Russian monopoly.

CHESS No 921

BLACK



WHITE

Short v Karpov, 8th game 1992. The finale of Nigel's best win: how did White (to play) force a swift resignation?

Leonard Barden

Solution Page XVIII

BRIDGE

Today's offering is an interesting hand from rubber bridge:

N
♠ J 4
♥ A 10 9 3
♦ K 8 5
♣ K Q 9 4

W
♠ Q 10 9 8 6
♥ 8 2
♦ J 9 7 2
♣ 8 3

E
♠ K 7 5 3
♥ 6 4
♦ A Q 10
♣ J 10 5 2

S
♠ A 2
♥ K Q J 7 5
♦ 6 4 3
♣ A 7 6

East dealt with East-West vulnerable, and South began the bidding with one heart, to which North replied with two clubs, preparing for a Delayed Game Raise. After South's rebid of two hearts, North's raise to four hearts concluded the auction.

West started with the 10 of spades, dummy played the four, East dropping an encouraging seven, and the ace took the trick. Drawing trumps with ace and king, declarer cashed ace, king, and queen of clubs, hoping to establish the nine for a diamond discard. Unfortunately East held the guarded knave. Ruffing the fourth club, South led the diamond three, covered West's seven with dummy's eight, and the 10 won. East returned a spade to West's queen, and another diamond defeated the contract.

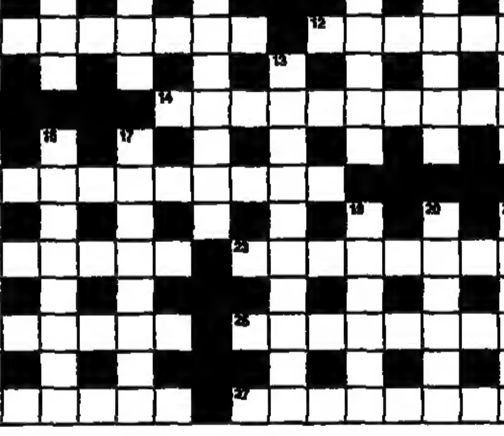
Let us replay the hand with more regard for safety. We cover the spade 10 with dummy's knave, and allow East's king to hold – that cuts the enemy lines of communication. We win the spade return, and then draw trumps. Like the original declarer we cash the three club honours. The suit breaks 4-2, but as East holds the four clubs, victory is in sight. We throw East in with the last club, discarding a diamond from hand. Thanks to our hold-up in spades East is endplayed. A diamond return sets up dummy's king, a spade concedes the ruff discard, allowing us to discard a second diamond from hand, and ruff on the table. Contract delivered.

E P C Cotter

CROSSWORD

No. 7,838 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday May 13, marked Crossword 7,838 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 16.



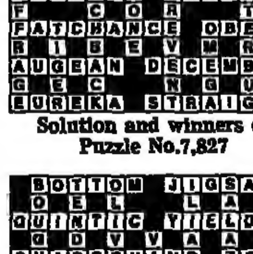
Name..

Address..

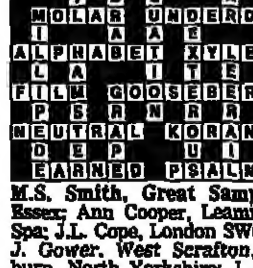
ACROSS
1 Tell in detail (6)
5 A day fair in Settle, you could say (6)
9 Profit announced – and denied! (8)
10 Son in marriage agreement (6)
11 Does this condition require a house-doctor? (8)
12 British champions *in* the pairs .... (6)
14 .... well-spoken couple? (10)
18 Semi-tied? (5-5)
22 Edison was odd, it is rumoured (6)
23 Excited about a bet? (1-7)
24 Head off from W. African republic for Spain and Portugal (6)
25 Kind of well – set in a rainstorm (8)
26 Bands rights affected? (6)
27 Muse with no head? That is appropriate! (8)

DOWN
1 Master this condensation? (6)
2 Rum, perhaps, this feeling (6)
3 Hand over reigns afresh (6)
4 The man of the match? (10)
6 "Rained off" – states old copper (8)
7 Withdrawn from peacemakers' party? (8)
8 W and TS Nugent in a muddle (8)
13 *Pooter fan, I turn out grand*, perhaps (10)
15 Philosophy of puny ruler (8)
16 *Christian rebel? (8)*
17 Hot, always, in angle (8)
19 Foreign Office with its back to the wall? (6)
20 Kind of wit in article supporting "Room at the Top" (6)
21 Rail to Eton – change for Acton, say (6)

Solution to Puzzle No.7,837



Solution and winners of Puzzle No.7,827



M.S. Smith, Great Sampford, Essex; Ann Cooper, Leamington Spa; J.L. Cope, London SW6; Mrs J. Gower, West Scrafton, Leyburn, North Yorkshire; J. Stein, New York, USA; R. Talbot, Uxbridge, Middlesex.

Our apologies for printing the wrong number of letters in two clues in the Easter puzzle.

Bomber Harris: 'a tactless choice'

Norbert Burger, Mayor of Cologne, explains why a statue of the RAF's wartime Bomber Command chief, Sir Arthur Harris, should not be unveiled by the Queen Mother on May 31.

THE PRESENT period of European history should make us think twice about raising monuments to heroes of past wars. The members of the European Community have agreed to scrap borders between each other. We want to live in friendship with our neighbours. This is a unique achievement in European history.

We must, of course, accept that Adolf Hitler in 1939 started a war unprecedented in its scope, its brutality and its outcome. We must hope that the Second World War will indeed remain unprecedented. In the past half-century the face of the world and the face of Europe have been transformed. Enmity between Britain and Germany has given way to friendship.

Contacts between British and German people flourish on every level. One good example is the partnership between Liverpool and Cologne, a link which celebrates its 40th anniversary this year. Together with a delegation from Cologne I paid a visit just a few weeks ago to our English partner city on the Mersey. We have particularly strong ties in culture, art and sport. It is a symbol of how things have changed for the good.

I do not anticipate that this friendship will be spoiled by the planned unveiling of the statue of Sir Arthur Harris. But I cannot say I am happy about it. I heard about the plan last year. I wrote in October 1991 to Sir Christopher Mallaby, the British ambassador in Bonn, and to Hans-Dietrich Genscher, then German foreign minister, to say that it would be wrong to put up such a monument. I had the feeling that old wounds which had healed could be torn open again.

I want to clear up any misunderstandings about this. I have no intention of suppressing memories of the war. I certainly do not want to unleash tones of revanchism. There is absolutely no doubt that Hitler's Germany started the war. Germany takes responsibility for it. I made this point clear recently when opening an exhibition commemorating the "1000-bomber attack on Cologne" on May 31 1942. My words were: "We must not forget: Carpet bombing aimed above all against civilian populations was first planned and carried out by Germans." Nazi Germany's attacks on Warsaw, Rotterdam, Belgrade and, above all, Coventry, provide the evidence for this.

In the night of May 30/31 1942, Cologne was the target of around 1,000 British aeroplanes, which dropped more than 100,000 incendiary bombs and around 1,000 high-explosive bombs, above all on the city centre. According to the official figures, 470 people died during the night. More than 5,000 were wounded and around 100,000 were left homeless. In addition to this, Cologne lost a great deal of its substance. The city lost its face. Many historic buildings were destroyed.

Sir Arthur Harris, the supreme commander of Royal Air Force Bomber Command, was responsible for the military and strategic planning of this first 1,000 bomber attack. I am very worried that this monument will idealise a man who was partly responsible for the deaths of tens of thousands of civilians and for the destruction of many cities.

It is a moot point whether attacks on civilian populations made strategic sense. I believe that the victory over Hitler's Germany came not because of bomb attacks on civilian targets, but through the fronts opened in the Soviet Union, Africa and France, and as a result of the air battle over Britain. But even if the bombing offensive is ascribed a different significance, it has to be acknowledged that no other inventor or executor of instruments or actions of mass destruction has had a monument raised in his name. And rightly so.

No monument has been erected to Einstein on account of the development of the atom bomb. And certainly this has not been done for the generals and bomber crews who dropped the bombs on Hiroshima and Nagasaki. It could be argued that these actions ended the war more quickly and avoided further innocent victims. None the less, noone – perhaps because of guilty consciences – wanted to put up monuments to those who carried out the bombing.

All this explains why I am against the statue. We are trying to build a Europe of peace and friendship. It is particularly unfortunate that this monument is being unveiled precisely on May 31 – the anniversary of the attack on Cologne.

It is much more sensible to use this day to commemorate all the victims of the Second World War with an ecumenical church service. Such a service is taking place in Cologne and there is also one in Canterbury, to which I have been invited. We must extend the hand of friendship to each other. And we must build a peaceful future for the whole of Europe.

Interview/**Alastair Macaulay**

The opera diva who moves in mysterious ways

Singer Josephine Barstow explains the importance of theatre in an operatic setting

MUCH OF the finest theatre today occurs in opera. True, there are still singers who just stand and deliver, some of whom are big stars. But some opera companies have built their house styles around their sheer theatrical vigour; and some operatic artists belong more truly in a theatre than others. One of these is the soprano Josephine Barstow. Though she makes successful recordings, she is best seen live.

John Copley, who has directed her in several of her finest interpretations, has said that she could be a member of the National Theatre. Even 18 years after I first saw her in opera, I cannot forget some of the moves she made onstage then – how musically and psychologically acute they were. So, when we met, I asked her about how she conceives the physical side of a role.

"I like to find a physical shape to a character. Salome is lithe. She's snake-like. And I know how Tosca moves: she's very sensual; she has great consciousness of her body. Especially in Act I, she's sexual, with men. It's in her body. She has a powerful body; singers often do."

Does she work on keeping fit? "Not really. I have a bicycle which I often ride to work in London. And in the country I ride. I have two careers, you see. I also run a stud farm in the country.

"In Sussex I have dogs, cats, ducks and 25 Arabian horses. And I really do go to the animal world for ideas. Salome is one of my cats. And animals help me with Tosca. She's not very intelligent. She gets very jealous, and I take ideas from a horse or a dog – animals that can be very jealous. Or a new-born foal: that's Natasha in *War and Peace*. With Natasha, I think of the shoulders. That's the secret. She has these short sleeves, and this dress that falls. The shoulders must be so lovely, and the head moves against them in this lively way. You can have a thick waist in dresses like that. She's a foal, you see. I was so angry with Tolstoy! At the end of the novel, he describes Natasha as a cosily, happily married mum. She's too rare, too special a type for that."

Barstow is today a leading figure in London opera; in one week last summer she sang Odabella in Verdi's *Attila* at Covent Garden, Katerina in Shostakovich's *Lady Macbeth of Mtsensk* at the Coliseum and Puccini's *Tosca* at Earl's Court. She has sung many roles abroad. Does she have any fixed business for a role? "Well, for that *Tosca* I had to. But ideally, no. I reconceive everything for a different staging when conditions permit."

She has no muscle memory of specific movements, but sums up each role quickly, in physical and psychological terms. Odabella in *Attila* is "a warrior. Quite tight." Minnie in *La Fanciulla del West* "belongs in the country. She's loose-legged, loose-armed. There's space. The people in that opera – their bodies are used to working, to effort. A bit of the John Wayne. Minnie's the nearest to me." The 300-year-old Elina in *The Makropoulos Case* "has, like Tosca, a physical power over men. Which she's fined down. She's quite in control of it. The hardest thing is the way she rapidly declines at the end. But she gets intimations of the disintegration before. I used to try to get it by shivering, a quite involuntary shudder. She doesn't recognise it. And, like Ekaterina in *Lady Macbeth*, she's grown out of all the social graces. She doesn't bother about what she says. That's something I love in her."

Ellen in *Peter Grimes*? "She is a still lady. She belongs to the village. To people who can't understand. The opera is about society not understanding Peter – who represents the artist, a homosexual, whatever. Her own tragedy is that she can't break away from that. She does bravely dictate to herself and her own society. But when the chips are down, she fails Peter; she is not equipped to cope. She's an ordinary mortal. And that's quite interesting."

Amelia in *Un Ballo in maschera*, torn between loyalty to her husband and her guilty love for the king, "is quite still too. Her stillness comes from struggling to keep control of herself. It comes from pain, and from her struggle to control pain, her own endeavour to control what's happening. I just love Verdi heroines because you know how they think. And yet that gives you great leeway. Amelia is a gentle, honourable woman struggling with a moral problem. She's not on parade."

Unlike Elisabeth in Verdi's *Don Carlos*. "You never see Elisabeth happy – except in the first act, at Fontainebleau. She's a French princess who marries the Spanish king. With such a character, you express emotion by details – flickers of fingers. She wouldn't betray herself by a change of physical shape. But in the bedroom, when she faints, then you see her own shape. It's her husband's bedroom, after all, and she's dressed differently, in her night clothes."

Violetta, the consumptive Lady of the Camelias in Verdi's *La Traviata*, is a role with which she has been associated for many years. "I first did her long before I had the farm. My Violetta was very Garbo. I was just crazy about *Camille*. I loved Garbo's posture there. And her laugh!" Barstow demonstrates the lifted head, the revealed throat, the radiant face. "But I couldn't really do that, so I cut that. Garbo could have played all the first act to perfection.

"Then when I prepared the 1973 Coliseum production, John Copley established a train of thought in me. A lot of the movement came from that. He gave me a wonderful relaxation at the beginning of Act II. It's such a brief moment, and he had the idea of having me enter with a basket of flowers and a hat." How about Act II, scene 2 – the party scene? "She's stiffer-backed there. (Garbo again!) She's trying to hold herself together."

And Violetta's consumption? "We studied it medically speaking. We thought of blood coming up into the mouth. And the feeling of heaviness. She's incredibly tired. Then suddenly you get a spurt of energy."

What about another consumptive role, Mimi in Puccini's *La Boheme*? "Anyone can make an audience weep in Mimi's death scene. The trick is to make them cry in Act III; and, above all, in Act II of *Traviata*. And it's a success if I've stopped the audience applauding. Because then they're thinking. That's the triumph."

She has sung one Wagner role, Sieglinde in *The Valkyrie*. "What's interesting there is the suspension of time. Being allowed to take time – to let it happen. There's not just time to move, there's time just to look across the room."

One of the roles she has sung most is Richard Strauss's Salome. What of the long Dance of the Seven Veils? "My first Salome was here, at English National Opera, and the dance couldn't have worked in any other production . . . There's no way that I can do a real dance. Frankly, that music, at that length, would be hard even for a ballerina. I like it if there's more of a plot to it, with mime. That's what Harry Kupfer, in East Germany, wanted. He has this idea that the dance refers to features of Salome's whole story. But I'm not a dancer. You can tell if people can dance from the look of them. Dancers are neat, and I'm not."

In the same composer's *Der Rosenkavalier*, she graduated from the youthful male role of Octavian (the Knight of the Rose) to that of his female lover, the Marschallin, a woman who is past her first youth. "Octavian is simple. He's always there. It's one of the most exhausting roles I've ever played. But I didn't really find him very interesting. I love the role of the Marschallin so much; and I'm glad that doing Octavian gave me a chance to see the Marschallin at first from outside. Both of them share the same upbringing: that class, that eighteenth-century world. None of these characters are inelegant. It's a very particular part of the world, a particular city, a particular decade. And the Marschallin – she's too perfect!"

Is there a difference in the way the Marschallin and Octavian carry themselves? "He's a man; she's a woman. The costumes tell you so much. You see the outlines of his legs. He sits in a chair so as to display his calves. With her, it's the shoulders and the chest. The costume dictates how you should move. I wouldn't have been considered right in that era. I'm more physically close to Natasha."

One of her most remarkable roles has been Katerina in *Lady Macbeth of Mtsensk*. Here she murders to get and keep what she wants. In Act Three of David Pountney's production for English National Opera, she has a long and phenomenal passage when she sits completely still, while singing; then remains totally still, when listening; then, slowly, she rises and moves towards a character who has been taunting her, and fights her until they drown together.

"What I found difficult was why Katerina was so malignant, vindictive. I didn't understand. Finally I decided that she tells you. Her last few words are: 'There's a black lake in the forest, black as oil.' For me, she's talking about something she's decided in herself. I understand, so I just let it happen."

I asked about the difficulty of stillness onstage. "I'm getting better at that. I'm making more happen within the stillness. In *Lady Macbeth* the rest of David's production moves; I'm the still centre. I learnt economy there. Not crossing every T, dotting every I. Leaving the audience to make up their own minds. The less you do, the better. The concentration's inside. I tried to keep this black centre going."

I asked about one more Verdi heroine, the poignant Leonora in *The Force of Destiny*, never free from the conflict between love and her family's opposition even after years in solitude. "Oh, I don't know what to say about her now. It's been quite a few years since I sang the role, and I'd have to delve down to find her again." I remarked that she is due to sing the role again this September at the Coliseum, in a new production directed by Nicholas Hytner. She brightened. "Yes. So it's just as well I've forgotten how I used to do her."

Kate Adie's army

Michael Thompson-Noel

I HAVE kept a low profile this week, mainly from a desire to avoid the luminous and exhausting presence of my executive assistant, Miss Lee. Kate Adie she is not, for which I am grateful. How I sympathise with the Libyans. But the Kate Adie tendency – shrill imperiousity, horrible vivacity, an overweening elegance – is fast gaining ground among the 14m women in Britain who happen to be over 40, including Miss Lee.

Yesterday was especially difficult for it was the first day of May, and we all know what Kate Adie acolytes do on May 1 if they live in Notting Hill and are equipped, by genes or medical science, with all that terrible energy: they don their Jaeger gardening clothes and make copious notes from the *Reader's Digest Gardening Year* – a planner's guide to what needs doing when during the full revolting cycle of the modern gardening calendar.

You would be surprised at the amount of work called for in a Notting Hill garden in May. Everything needs attention: lawns, roses, dahlias, chrysanthemums, irises, alpines, water plants and algae, heathers, hedges, fruit, herbs, patios, slugs.

Yesterday, Miss Lee launched her annual campaign against slugs, aphids and caterpillars. Also next door's cat. She mixed several vats of poison and took down her flame-thrower.

Before exiting to the garden, she looked in on me. "Michael," said Miss Lee. "Apart from having your hair cut and cleaning your shoes and starting, however timidly, to do something about the state of the

HAWKS & HANDSAWS

dining room windows, what is your game-plan today? Are you writing any words, dazzling us with any pensées?"

I explained that my main task of the day was packing my suitcase for my drive to Cesky Krumlov, and rounding up all the books I was at present half-way through. "You would be surprised," I said, "how many books I am at present half-way through. They include *Elegance*, by Helen Bullock. It is about women over 40 – how, at that age, they are sleek, chic and at their peak.

"It is riveting," I continued. "I now feel I can hold my own whenever the conversation at a dinner party, as it were, turns to blepharoplasty, mammoplasty, abdominoplasty or liposuction. I have discovered yoga and earth dancing; the rôle of riboflavin; the importance of homestyle, workstyle, lifestyle and skill development; the truth of the dictum *'Every woman has clothes but not every woman has something to wear'*, and why taking a lover is cheaper than psychoanalysis and healthier than gin when it comes, quote unquote, to beating marital mid-life blues."

Miss Lee was furious. "Who gave you that book?" she demanded.

"The Books editor," I said.

"He had no right to do so. Anyway, I thought people at the *FT* were supposed to write about the reverse yield gap and bankers' follies. Why are you permitted to write rude pieces about the Olympics or flit off to Nasa so as to describe the search for extraterrestrial intelligence?"

"Miss Lee," I said. "Most of my colleagues *do* write about the reverse yield gap or bankers' follies. Subjects like that are known as the core. But the editorial affairs of the paper are governed by polymaths, renaissance men, who have determined that the *FT*'s full cosmography should include the occasional piece on extraterrestrial intelligence or sport or food or travel.

"These subjects are known as the froth. That is the technical term. I am a specialist in froth. And under certain improbable circumstances the froth could be held to include riboflavin and liposuction."

Miss Lee smouldered. "If you're so cute," she said, "perhaps you ought to read Chapter 14 of *Elegance*," on which note she gathered up her equipment and swept out to her slugs.

I glanced at Chapter 14. It is entitled Menstyle. It's just what you'd expect. It includes a list of the 10 things about men that drive women barmy: unreliability, absenteeism, lying, irresponsibility, helplessness, stuffiness, dullness, laziness, cruelty, deafness. I did a quick check – Test Your Manliness With Marks Out Of 10, that sort of thing. My average score per category was 3.65. Pretty virile, huh?

"Miss Lee," I shouted. But my cries were drowned by the roar of the flame-thrower.

■ *Elegance, by Helen Bullock, is published by Hodder & Stoughton on May 7, £16.99.*

The Short route to the top

■ Continued from Page 1

grandmasters, a stimulus to Miles, Keene, and their contemporaries. Finally he provided funds to help juniors. Shown some photos of rising talents in 1974, Slater pointed to Short's picture and said "That's the boy to beat the Russians."

When Slater had to drop out in the late 1970s, Lloyds Bank took over. By now the rising talents were in their teens, needing opportunities to qualify for GM and master titles or official world rankings. The first Lloyds Bank sponsorship was a clock match where Karpov met the ten best juniors, led by Short. Four later became GMs. The Lloyds Bank Masters, held annually since 1977, gives up to 50 boys and girls the chance for adult international honours. By 1980 Britain had more juniors with world rankings than any other nation.

In 1978 England beat the Russians for the world under-26 championship. Miles and Keene were followed as GMs into the national team by the Oxbridge mathematicians John Nunn, Jonathan Mestel and Jon Speelman. This coincided with sponsorship from private bankers Duncan Lawrie, which provided the national team with fees, hotel facilities, and Wade's secret files on rivals. The effect was dramatic. At the 1970 olympics England were outside the top 20. During the 1980s, with Short an established member, the England team won the silver medal at the chess Olympics three times in succession, finishing tantalisingly close to the Soviet team in Dubai in 1986. The Russians only scraped home when Kasparov won the last game to finish.

The break-up of the Soviet Union means that many strong GMs will represent Latvia, Estonia, Lithuania, Georgia and the Ukraine. The opportunity is growing for England to emerge as world champions.

Short grew up in the mining town of Atherton, near Bolton, where his father David was in public relations and his mother a teacher. Both grandfathers worked down the pit. Nigel learnt the game at six, insisting on being taught after watching his father teach his older brother. He improved quickly and his father asked if Nigel could join the local Bolton club. The secretary replied that there were no facilities for such a young child, who anyway ought to be in bed by the time the meetings started. David's response was to advertise in the local paper and start his own chess club in Atherton, which later defeated its more eminent rival.

Short rose rapidly. At 12, he was the youngest British championship finalist. At 14, he tied for the title; at 15, he was runner-up to Kasparov for the world under-20 championship. There was a hiatus in his mid-teens when he unwillingly completed his formal education at Bolton School. Even so he became the world's youngest international master while emerging with indifferent O-levels. By 19, he was the youngest GM; from then on, the targets were Kasparov and Karpov.

Short is endowed with a resilient temperament, essential for surviving in a highly competitive sport. Superficially, he takes a light-hearted, slightly cynical, approach, and likes to give players schoolboy nicknames – Korky, Noggy and so on. High calibre opponents are "smart", to win is to "give a guy a good tonking". But he strives to be objective about his games and has political ambitions (once SLD, now Conservative) for when he eventually retires from chess. His wife and the recent birth of a baby daughter have given his life a stability that many professional chess players never find time for.

As the world title has become more of a realistic ambition and less of a dream, Short has become harder. He makes no secret of the fact that he not only wants to win, he wants to crush his opponent, the same attitude and phraseology which Fischer used in his heyday. He said in a recent interview with Dominic Lawson: "I am getting much more pleasure out of humiliating a guy. It is a warped sense of pleasure . . . you play these people over the years – the Soviets particularly, and they are warped, twisted and mean. They won't spare you any pain. So when you get a chance to inflict suffering on them, I get a kick out of it. So now I like to play positions when I can torture the guy slowly. Slowly is important."

Short could become the UK's first chess millionaire. Although there is little money in chess on the weekend tournament circuit, at the top the prizes are huge. The purse for the Karpov match was SFr150,000, (£55,760) divided five-eights and three-eights between winner and loser. In the final round of the Candidates, he can expect twice as much. The winner will also collect the $1m a German computer company is offering for the first player from outside the old USSR to reach the final. The prize fund for the final will be $4m.

Short said: "It's true players have to scrimp and save in chess these days. But once you reach the last eight of the world championship, the money becomes pretty interesting." Kasparov himself is reputed to charge a £20,000 fee for anything from a simultaneous exhibition to a computer endorsement.

Short's success will have a positive impact on chess in Britain but it will not in itself reverse a trend of diminishing sponsorship and tournament opportunities.

"I am not sure that chess administrators can do anything fundamentally to change things," Short says. "I don't think the economic climate is to blame. We had a boom in the '80s and the number of tournaments did not increase." What chess in Britain needs is a winning personality at the top: in Nigel Short it has found one.